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DEFENDANT'S EXHIBIT NO. 1.

Hazeltine Corporation

Annual Report 1962

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Little Neck, L. I., N. Y.

Highlights

- Sales volume increased in 1962 over 1961 by 15.7%, and net income by 28%.
- Hazeltine Electronics Division established its new Electro-Acoustic Systems Laboratory at Avon, Massachusetts which is expected to broaden the company's field of competency.
- Acquisition of an additional tract of approximately 25 acres by Wheeler Laboratories, Inc., a subsidiary of Hazeltine Corporation, adjacent to its property in Smithtown, Long Island in order to provide for future expansion.
- Work is progressing satisfactorily under the second phase Navy contract to coordinate electronic systems in initial ship design.
- Contracts were received for participation in the Orbiting Astronomical Observatory (OAO), the Eccentric Orbiting Geophysical Observatory (EOGO) and the NIMBUS Satellite programs.
- Other new contracts received included additional AN/APS-95 radar systems, additional AN/APX-46 transponders, spectrum analyzers, bright displays, experimental binary-video data converter, AN/APX-37 transponder, parametric amplifiers, sonobuoys and advanced radar displays.
- Hazeltine Technical Development Center, Inc. was merged into the parent company, Hazeltine Corporation, and as Hazeltine Electronics Division's Technical Development Center in Indianapolis, is continuing to grow.
- Election of Wilfred M. McFarland as Chairman of the Board of Directors and Richard L. Beam as President of Hazeltine Corporation.

Management Letter

To the Stockholders:

Gross income was $47,951,008 for the year 1962, up from $41,450,835 for 1961. Net income for 1962 was $2,006,300, equal to $1.28 per share on 1,568,363 shares outstanding, as compared with $1,568,078 or $1.00 per share last year on 1,568,029 shares. The percentage increases both in volume and net are noted in the Highlights of the year.

These results are in line with your Management's optimism as to future sales volume, earnings and growth. The last year has shown an improvement in efficiency through a better coordination of efforts and planning and a general improvement in personnel morale and confidence in the company's prospects.

During 1962, a new Electro-Acoustic Systems Laboratory was established to broaden your Company's competence in the field of anti-submarine warfare. A similar expansion in sales potential is expected elsewhere in command and control display systems, advanced radar systems, air traffic control and foreign markets.

Hazeltine Technical Development Center, Inc., a wholly-owned Indiana subsidiary, was merged into the parent corporation to achieve greater efficiency in operations.

After operating the company from June to October while the former Chairman of the Board and President was on sick leave, W. M. McFarland and R. L. Beam were elected Chairman of the Board and President, respectively, by the Board. The continued loyalty and support of the company's personnel, officers and directors in that interim period, as well as thereafter, is greatly appreciated.

Sincerely,

WILFRED M. MCFARLAND
Chairman of the Board

RICHARD L. BEAM
President

Operations

During the past five years, the electronics industry in the United States has experienced a number of significant changes particularly in the area of defense electronics. The shifting emphasis from manned aircraft to requirements for space vehicles, and in general a higher degree of specialization in the military have virtually eliminated the large production contracts similar to those received during World War II and the Korean Conflict. Current production contracts may include only two or three of a kind although the total dollar content can be extremely large. There also has been a noticeable decrease in sole source procurement and a corresponding increase in competitive bidding requirements, which increase the cost of obtaining new business without necessarily producing much real saving for the Government.

Current trends in military requirements and procurement have been closely followed and analyzed by your Company during 1962, as in previous years. Several organizational and conceptual changes were effected during the year as a result of this analysis. In order to continue to prosper it has been determined that it is necessary for Hazeltine to expand its fields of interest both in specific equipments and systems. It has also been recognized that more "in-house" development work must be undertaken in order to lead in "state-of-the-art" design work. In addition, the company's operating structure has been realigned in order to handle both the preparation of quotations and the performance of contracts in a more efficient manner consistent with the changing customer requirements.

Hazeltine Electronics Division

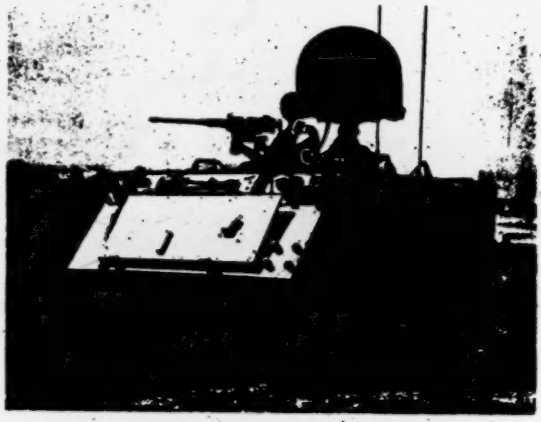
In order to increase efficiency and further delegate responsibilities, a regrouping of Departments was made in this Division, whereby three Divisional Senior Vice Presidents were elected respectively for operations, engineering and marketing. As the chief operating Division of Hazeltine, it was active on more than 175 projects during 1962. Most are in significant areas of the National Defense Program and some have potential for other applications. In addition, certain projects were significant in civil air traffic control both domestically and abroad.

Radar and Early Warning Systems — During 1962 additional orders were received for the AN/APS-95 Airborne Early Warning (AEW) radar which the company designed and produced in previous years. This equipment represents the most advanced airborne search radar employed in our Air Defense Program and has also proven versatile enough to be used in tracking the re-entry of Discoverer

satellites. Auxiliary items for this radar include additional displays and computers, orders for which were received from the Air Force during the year.

A new version of the AN/TPS-25 radar, which has received considerable publicity for the Army, was delivered during the year for evaluation for use in mobile Army troop carriers. This equipment has seen service in a number of Army areas and continues to be one of the most versatile weapons in the new Strikecom concept.

Studies in advanced radar techniques and system improvements, such as the Hazeltine-designed video accumulator and parametric amplifiers, are continuing. Contracts for versions of both types of these equipments in production quantities for incorporation in existing military and civil radar systems were received during the year.



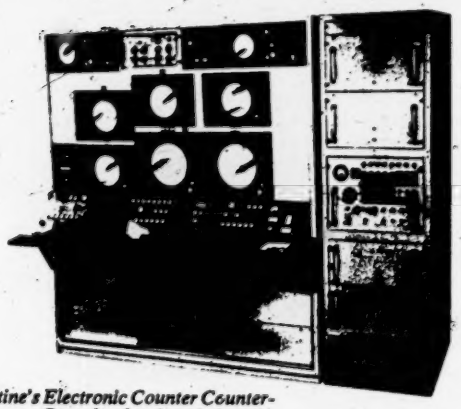
A mobile version of Hazeltine's Combat Surveillance Radar.

IFF Equipment — The AN/APX-46 airborne transponder which Hazeltine has designed in various configurations as a part of Identification Friend or Foe (IFF) systems, has been ordered in large quantities by the Air Forces of the United States, Canada, Australia, West Germany, Holland, Belgium, Italy and Switzerland, as well as by many United States aircraft companies. A transponder of earlier Hazeltine design, the AN/APX-37, is still being bought in quantity, while another version the AN/APX-35 is being produced in Japan under a know-how and technical assistance agreement. A new ground interrogator is being developed for the West German Government, which also should have a considerable market in the United States and elsewhere when it reaches the production stage.

Display Equipments and Systems — Changing technology has given potential enemies of the United States a capability of a rapid strike with very little advance warning. Detection and processing equipments such as SAGE and newer systems have been designed to provide a maximum of information in a minimum of time.

However, the utilization of this information in display equipments for rapid decision has lagged in development. This has resulted in the establishment within the Department of Defense of a new philosophy called "Command and Control" which will provide the top command echelons with the facility to make rapid decisions and to direct instantaneous counter measures of the Army, Navy and Air Force. For some time your Company has devoted efforts in this new field to the development of advanced display systems capable of providing this information in a simple and usable manner to the decision-makers. These efforts have led to development contracts with the Air Force during 1962 for a new military display system.

In addition to these new approaches, more conventional displays, which your Company has been producing for a number of years, continue to provide a significant portion of our business. Production contracts for PPI displays from the United States Navy and Air Force were received, and a development-production contract for bright displays was received from the Army. This latter equipment will be used with the NIKE-HERCULES missile system to enable the operator to observe technical information in brightly lighted display areas. New consoles and digital data handling equipment for the Small Ships Combat Data System (SSCDS) are being developed for the United States Navy, which have specific application in the anti-submarine warfare program.



Hazeltine's Electronic Counter Counter-Measures Console developed for the U. S. Army.

ECM and Communications — In the company's efforts to expand its activities in the Electronic Counter Measures (ECM) field, the most significant advance during 1962 involved additional contracts received for ECCM (Electronics Counter-Counter Measures) consoles which are classified equipments used by the Army. Supplementary awards were received for TELEDAC, a device used to interpret signals from the Polaris missile, and EMATS (Emergency Message Automatic Transmission System) for delivery to Western Union Telegraph Company. Signal locating equipment and spectrum analyzers for the Army were also developed and delivered for further study and evaluation.

Missile and Space Equipment — In addition to continued important space technological developments being conducted by Wheeler Laboratories and Hazeltine Research Corporation (referred to later in this report), Hazeltine received contracts during 1962 for participation in three specific space programs. Equipments and components are being designed and produced for use in the Orbiting Astronomical Observatory (OAO) and the Eccentric Orbiting Geophysical Observatory (EOGO) programs. These satellites are scheduled for launching in 1963 and 1964 by the National Aeronautics and Space Administration. The command control junction boxes are being produced for the OAO and plasma measuring devices are being designed for EOGO to help measure electron and proton density at various altitudes in semi-deep space. The third contract is a development program for NASA to study and build a working model of a television camera for both day and night viewing of the earth and its cloud cover from a NIMBUS satellite. This contract, received late in the year, involves the latest known techniques in the television camera field.

A significant study and design program is underway for a communication and data transmission system for a Deep-Space Instrumentation Facility (DSIF). Results of this study will involve a "breadboard" model suitable for evaluating communications to lunar and interplanetary projects such as the Surveyor, Mariner and Voyager.

Systems Programs — Work has continued during 1962 on the Coordinated Ships Electronics Design Project (CSEDP) under which Hazeltine is prime contractor to the Navy with Newport News Shipbuilding and Dry Dock Company, Sperry-Rand Corporation, Deco Electronics and Nortronics Division of Northrup Corporation as major subcontractors. This team has produced a design plan for a new guided missile destroyer escort complete with a modern integrated electronic system. This plan will be evaluated by the Navy's Bureau of Ships for future action.

Electro-Acoustic Systems Laboratory

In keeping with the planned growth and in anticipation of the expanding market in the fields of anti-submarine warfare and undersea technology, Hazeltine Electronics Division established an Electro-Acoustic Systems Laboratory in Avon,

Hazeltine's Electro-Acoustic Systems Laboratory, Avon, Massachusetts.

Massachusetts in mid-1962. This laboratory has been staffed with top-flight engineers with established reputations for successful accomplishment in these fields. In addition to the capability of designing and producing Sonar systems, this laboratory gives Hazeltine the added capability of design, development and production of transducers, which is the major key to successful participation in anti-submarine warfare programs.

Technical Development Center

To provide smoother operations and to increase efficiency, Hazeltine Technical Development Center, Inc., a wholly-owned subsidiary, was merged into Hazeltine Corporation and is now operating as a part of Hazeltine Electronics Division with its General Manager a Vice President of that Division reporting directly to the Divisional Executive Vice President.

Production on glide slope transmitters, which are a vital part of the Federal Aviation Agency's instrument landing system, began in 1962. These equipments will be installed at major airports throughout the country, to provide vertical guidance of aircraft making landings during conditions of marginal visibility. A total of 66 systems are on order. Work is continuing in support of the Government's improved air safety program in the area of airborne beacons and altitude reporting equipment. Designs which are under contract to Hazeltine primarily cover general aviation usage which should offer a large and increasing market in the future. In addition, designs for improved ground terminal equipment, which will operate in conjunction with these beacons have been developed. These devices are primarily intended to aid the air traffic controller in separating and identifying air traffic and in providing an adequate margin of safety in separation of aircraft in terminal areas. Close liaison has been maintained with the Federal Aviation Agency, including services of Hazeltine Technical Development Center's air traffic control specialists to assist their system design team in planning future implementation of the air traffic system.

The initial Hazeltine designed digital differential analyzer computer, SPEDAC, has been delivered to the Army's Flight Simulation Laboratory at White Sands Missile

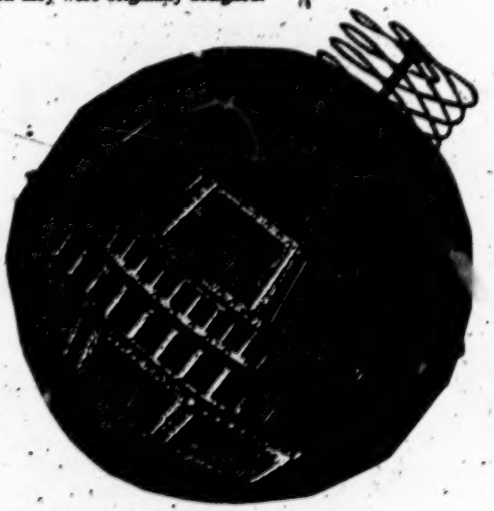
Range. Work is continuing toward improvements to SPEDAC and to develop the next generation of this type of computer.

Haseltine International Division

Recognizing the importance of this Division, its Head was elected a Senior Vice President and its senior European representative an Assistant Vice President During its first full year as a Division of the company, it has embarked on projects in electronic identification and radar fields directly with the West German and other foreign governments and also with leading industrial firms in certain foreign countries. Some of the international programs may eventually have application in the domestic market in addition to those for which they were originally designed.

Wheeler Laboratories, Inc.

This wholly-owned subsidiary has continued its important contributions in the fields of advanced antennas and microwave component design. Its major contracts were received for new and continuing work with AT&T's Bell Telephone Laboratories. In anticipation of further expansion, it purchased an additional 25 acres adjoining its 12 acre plot in Smithtown, Long Island. It may be necessary in the early future to build an additional building on this new tract.



The Telstar's "Corkscrew" antenna conformation was designed for Bell Telephone Laboratories by Wheeler Laboratories, Inc.

Future application of LASER (Light Amplification by Stimulated Emission of Radiation) devices has been given considerable attention by this laboratory. An engineering group is conducting a study program which it is expected will produce results having potential in the field of space communications.

Wheeler has initiated a program on advanced techniques in the millimeter wave spectrum. These techniques will be used in future radar and communications systems.

This company not only designed the corkscrew shaped antenna for the first TELSTAR, but also antennas for the guidance system for the booster rocket used to place it in obrit.

Hazeltine Research, Inc.

In the last year the prospects of this subsidiary have received increased attention particularly because of the growing prospects of the color television market. Hazeltine Research, Inc. has a major patent position in color television on the basis of its many important patents which appear to cover color television receiver designs now on sale by substantially all manufacturers in the television receiver industry. The designs are essentially those invented by Hazeltine Research, Inc. in its pioneering work in color television during the last two decades and characterized by a prominent technical textbook author as "The Hazeltine Color System". Promising new developments in the field of black-and-white television have been contributed to the industry by this subsidiary, and the prospects of the newly developing field of UHF television are under study.

During 1962 negotiations with the industry have been pursued constantly to induce recognition of Hazeltine patents and the signing of income producing license agreements.

With a view to strengthening prospects, both as to income and the development of further important inventions, the staff has been expanded at all levels. Bernard D. Loughlin, one of "three architects of Color TV" according to FORTUNE Magazine of November 1955, has rejoined the Hazeltine organization as Vice President in charge of Research of Hazeltine Research, Inc. Samuel M. Thomas has been elected a Vice President and will lend his experience in commercial negotiations.

Litigation involving three television manufacturers and infringement of Hazeltine patents in the black-and-white television field is pending (the same as referred to in last year's Report). The previously reported claim against the United States Government for infringement of Hazeltine radar patents on significant military developments is also still pending.

Domestic Patents—Hazeltine Research, Inc. continues to be very active in the area of patent protection as a basis of income return on its research investments. As

of December 31, 1962 it owned approximately 501 United States patents and had approximately 109 applications for United States patents pending.

Foreign Patents — The interest of Hazeltine Research, Inc. in television patents and patent applications is substantially duplicated in many foreign countries through counterpart patents and applications, either owned by Hazeltine Corporation or sold in Europe on a contract basis as stated in last year's Report. Areas of major interest are: United Kingdom, all of Continental Europe, Canada and Australia.

Hazeltine Research Corporation

Through research and advanced development projects, this subsidiary plays a major role in Hazeltine's future growth.

Systems Research Department — The work of this Department reflects the significant technical achievements by this group of scientists and engineers who are making important progress in advancing the state-of-the-art in ballistic missile defenses, aerospace communications and space vehicle guidance. The value of the new research contracts entered into in 1962 exceeded those of the previous year partly as a result of company-sponsored studies during 1961.

The principal programs are (a) development of navigation and guidance techniques for space vehicles, (b) development of aerospace communication techniques and equipment, including Hazeltine's VERICODE synchronization processor for jam-resistant systems, and (c) further development of the company's superresolution and multidimensional resolution techniques and their application to surveillance, detection and discrimination radars.

Apparatus Research Division — Engineers in this Division are applying advanced techniques in developing unique electro-optical equipments for photo interpretation, photogrammetry, cartography and inter-planetary probes. Another group in the Division is making important contributions in the design of low-noise parametric amplifiers for extending the range of airborne radar systems and ground based search radars. They have demonstrated the use of parametric amplifiers for improving a radar system's capability to perform automatic processing of radar information.

The important work of this subsidiary is being conducted under contracts with agencies of the Department of Defense and Bell Telephone Laboratories, Inc.

D. Richman and V. J. Young were elected Vice Presidents of this subsidiary.

Corporate Affairs

Financial

Dividends — A cash dividend of $.20 per share was paid to stockholders in each quarter of 1962. This payment of $.80 per share for the year amounted to $1,254,624. As in 1961 no extra year-end stock dividend was paid.

Merger and State Qualifications — Hazeltine Technical Development Center, Inc. was merged into Hazeltine Corporation, and Donald M. Stuart, its General Manager, was elected a Vice President of Hazeltine Electronics Division. The Technical Development Center in Indianapolis, Indiana and the Electro-Acoustic Systems Laboratory in Avon, Massachusetts are operated as parts of Hazeltine Electronics Division. Hazeltine Corporation was additionally qualified to do business in Indiana and Massachusetts.

Purchasing Policies and Procedures — None of the company's officers or directors has any material financial interest in our suppliers or customers, although some may have minor stock holdings in their investment portfolios, and the same is true of members of the Procurement Department.

Honors

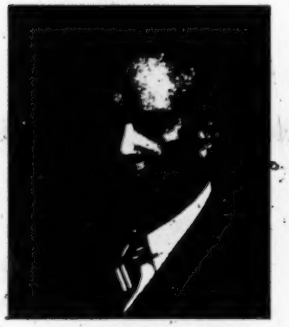
R. L. Beam was elected a Trustee of the National Security Industrial Association. H. A. Wheeler was appointed by the Department of Defense as a member of the Defense Science Board.

D. M. Stuart of Hazeltine Electronics Division's Technical Development Center received the 1962 Pioneer Award of the Professional Group on Aerospace and Navigational Electronics of the Institute of Radio Engineers. Tirey K. Vickers, also of the Technical Development Center received a Special Award from the Air Traffic Control Association for his substantial contributions in the new ATC techniques, standards and equipment.

Mrs. Katherine de Bruin, packaging designer in the manufacturing department was elected Vice President of the Eastern Section of the Society of Packaging and Handling Engineers.

Donald Richman of Hazeltine Research Corporation was inadvertently omitted from the list of Hazeltine engineers who last year became Fellows of the Institute of Radio Engineers.

Management



Wilfred M. McFarland, Chairman of the Board.

Changes and Additions

Hazeltine Corporation — At the October meeting of the Board of Directors, Wilfred M. McFarland was elected Chairman of the Board and Richard L. Beam, President and Chief Executive Officer. Carl DiMartino was elected an Assistant Vice President, and D. J. Conway an Assistant Treasurer.

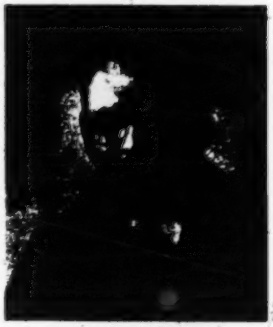
In view of the many and important contributions to the welfare and growth of this company which proudly bears his name, it is regretfully noted that the nominations for the next Board of Directors do not include our revered Professor Alan Hazeltine, in deference to his wishes.

Hazeltine Electronics Division — J. W. Evans, R. K. Hellmann and J. F. Willenbecher were elected Senior Vice Presidents, and P. A. Baum, W. J. Flynn, J. L. Hammond, C. F. Knights, P. Nosal and W. S. Sturgeon were elected Assistant Vice Presidents. At the time of the merger of Hazeltine Technical Development Center, Inc., D. M. Stuart, General Manager of the Technical Development Center, was elected a Vice President. M. S. Wilson was appointed General Manager of the Electro-Acoustic Systems Laboratory in Avon, Massachusetts.

Hazeltine International Division — S. M. Thomas, General Manager of this Division was elected a Senior Vice President, and C. F. Feltham, Chief Engineer-Europe, an Assistant Vice President.

Hazeltine Research Corporation — D. Richman and V. J. Young were elected Vice Presidents.

Hazeltine Research, Inc. — B. D. Loughlin and S. M. Thomas were elected Vice Presidents.



Richard L. Beam, President.

Hazeltine Corporation *and Subsidiaries*

CONSOLIDATED BALANCE SHEET December 31, 1962

Assets

Cash		$ 2,095,249
United States Government securities at cost plus accrued interest		1,690,567
Accounts receivable principally from Government and other contracts at final or preliminary prices		8,852,829
Costs incurred and advances to subcontractors on uncompleted contracts (Note 1)	$12,775,501	
Less progress payments for work performed	2,843,652	9,931,849
Total current assets		$22,570,494
Buildings and equipment at cost	$ 7,541,951	
Less provision for depreciation	4,520,191	3,021,760
Land at cost		313,263
Prepaid expenses, sundry receivables and miscellaneous		355,328
Patents, patent rights and inventions at cost, less provision for amortization		353,398
		$26,394,243

Liabilities

Accounts payable		$ 1,576,096
Accrued expenses and taxes other than federal taxes on income		1,751,029
Payroll deductions for income and other taxes		341,024
Provision for federal taxes on income		1,642,612
Total current liabilities		$ 5,310,761

Capital

Capital stock		
Authorized, 3,000,000 shares, 20 par value (88,100 shares reserved for stock options, Note 2) Issued, 1,568,363 shares		6,176,132
Earned surplus		
Appropriated	$ 1,536,915	
Unappropriated	13,370,435	14,907,350
		$26,394,243

(1). Costs incurred on uncompleted contracts are stated on the basis of accumulated costs, less the portion of such costs allocated to products delivered, but not in excess of estimated recoverable amounts. Costs allocated to products delivered are computed for each contract at the estimated cost based on the total estimated cost of the contract.

(2) Under the company's restricted stock option plan the number of shares of capital stock under outstanding options and the number of unoptioned shares available amounted to 73,409 and 13,825, respectively, at the beginning of the year. During the year options were granted for 10,300 shares, options for 3,423 shares were cancelled and options for 334 shares were exercised. At the end of the year there were 81,932 shares under outstanding options at prices ranging from $19.78 to $29.15 per share. Options with respect to 27,976 of such shares were exercisable at December 31, 1962, at which date there were 6,148 unoptioned shares under the plan.

(3) A substantial portion of the sales for the year 1962 is subject to price revision and renegotiation and any adjustments affect the liability for federal taxes on income. In the opinion of management no material adjustments will be required.

Defendant's Exhibit No. 1.

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Hazeltine Corporation *and Subsidiaries*

Consolidated Statement of Income and Earned Surplus

For the Year Ended December 31, 1962

Gross income		$47,951,008
Costs applied to gross income	$40,711,977	
General and administrative expenses	2,981,731	43,693,708
		$ 4,257,300
Provision for federal taxes on income		2,251,000
Net income		$ 2,006,300
Unappropriated earned surplus:		
Balance at beginning of year		12,618,759
		$14,625,059
Dividends paid in cash		1,254,624
Balance at end of year		$13,370,435
Appropriated earned surplus:		
Reserve for patent infringement, replacement of government furnished equipment and possible losses in connection with future performance of contracts		
Balance at beginning and end of year		$ 1,241,915
Reserve for estimated amount of deferred compensation, net of taxes, payable at death or retirement contingent upon certain conditions		
Balance at beginning of year	$ 316,000	
Transferred to accrued expenses for liability upon retirement of covered employee	21,000	
Balance at end of year		295,000
Total appropriated earned surplus		$ 1,536,915
Total		$14,907,350

The above consolidated statement of income reflects a further refinement in classification of costs and expenses other than shown, for the first time, in the 1961 report. The net result is a reclassification of approximately $1,000,000 from general and administrative expenses to costs applied to gross income.

16 Provision for depreciation charged to costs and expenses amounted to $591,680.

SMITH AND HARDER
CERTIFIED PUBLIC ACCOUNTANTS
125 PARK AVENUE
NEW YORK 17

To the Board of Directors
Hazeltine Corporation

We have examined the consolidated balance sheet of Hazeltine Corporation and its wholly-owned subsidiaries as of December 31, 1962, and the related consolidated statement of income and earned surplus for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. Although we were unable to obtain confirmation of accounts receivable from the United States Government, we satisfied ourselves as to these amounts by other auditing procedures.

In our opinion, the accompanying consolidated balance sheet and consolidated statement of income and earned surplus present fairly the financial position of Hazeltine Corporation and its wholly-owned subsidiaries at December 31, 1962, and the results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Smith and Harder
Certified Public Accountants

February 8, 1963

Hazeltine

Hazeltine Corporation

DIRECTORS

WILFRED M. MCFARLAND
Chairman

RICHARD L. BEAM
JENNINGS B. DOW
ALAN HAZELTINE
W. JOHN KENNEY
FREDERICK R. LACK
PHILIP F. LAFOLLETTE
HENRY REEVE
JOHN SLEZAK
HAROLD A. WHEELER
WEBSTER H. WILSON

OFFICERS

RICHARD L. BEAM
President

NEIL K. DIETRICH
Vice President

LAURENCE B. DODDS
Vice President

JENNINGS B. DOW
Vice President

THOMAS K. FOX
Vice President

DAVID WESTERMANN
Vice President and General Counsel

HAROLD A. WHEELER
Vice President

BERN BUDD, JR.
Secretary

BERTRAND J. TIFFANY
Treasurer

CARL DIMARTINO
Assistant Vice President

JAMES F. HARRIGAN
Director of Personnel
Assistant Vice President

WILFRED M. MCFARLAND
Executive Vice President

ELSA T. RAMM
Assistant Vice President

OLGA J. OSTERLUND
Assistant Secretary

T. PRESTON WATERMAN
Assistant Secretary

DANIEL J. CONWAY
Assistant Treasurer

GEORGE M. BRANDEL
Assistant Controller

Hazeltine Electronics Division

RICHARD L. BEAM
Executive Vice President

JAMES W. EVANS
Senior Vice President

REINHARD K. HELLMANN
Senior Vice President

JAMES F. WILLENBECHER
Senior Vice President

WILLIAM KES
Vice President

DONALD M. STUART
Vice President

PETER A. BAUM
Assistant Vice President

WILLIAM J. FLYNN
Assistant Vice President

LOUIS GEROLD
Assistant Vice President

JOHN P. HANSEN
Assistant Vice President

CHARLES F. KNIGHTS
Assistant Vice President

GEORGE B. MCCLELLAN
Assistant Vice President

PAUL NOBAL
Assistant Vice President

BURTON H. ROGERS
Assistant Vice President

WILLIAM S. STURGEON
Assistant Vice President

JOHN B. WINNINGHAM
Assistant Vice President

Corporation

Hazeltine International Division

SAMUEL M. THOMAS
Senior Vice President and General Manager

STANLEY U. NORTH, JR.
Assistant Sales Manager

CHARLES F. FELTHAM, JR.
Assistant Vice President and Chief Engineer-Europe

DAVID WESTERMANN
Vice President

AUGUST SCHOMBURG, JR.
Assistant Sales Manager

Hazeltine Subsidiaries

Hazeltine Research Corporation, New York, *J. B. Dow, President*
Fairchild Drive, Plainview, L.I., New York

Hazeltine Research, Inc., Illinois
William O. Swinyard, Vice President (Chicago)
5445 West Diversey Avenue, Chicago 39, Illinois

Wheeler Laboratories, Inc., New York, *H. A. Wheeler, President*
122 Cutter Mill Road, Great Neck, L.I., New York

Hazeltine Facilities & Offices

Avon, *Massachusetts*
Chicago, *Illinois*
Dayton, *Ohio*
Floral Park, *(L.I.), N.Y.*
Garden City, *(L.I.), N.Y.*
Great Neck, *(L.I.), N.Y.*
Greenlawn, *(L.I.), N.Y.*
Indianapolis, *Indiana*
Little Neck, *(L.I.), N.Y.*
Plainview, *(L.I.), N.Y.*
Port Washington, *(L.I.), N.Y.*
Riverhead, *(L.I.), N.Y.*
Smithtown, *(L.I.), N.Y.*
Washington, *D.C.*

Transfer Agent & Dividend Paying Agent	THE CHASE MANHATTAN BANK, *N.Y., N.Y.*
Registrar	FIRST NATIONAL CITY BANK, *N.Y., N.Y.*
Listing	NEW YORK STOCK EXCHANGE

Exhibit B

DEFENDANT'S EXHIBIT NO. 2.

License Agreement
Between
Hazeltine Research, Inc.

and

.....

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License Agreement.

This License Agreement dated as of ....., ..., between Hazeltine Research, Inc., of Chicago, Ill., a corporation of Illinois (hereinafter called Licensor), and ....., of ....., a ....., (hereinafter called Licensee):

Witnesseth That:

Whereas, Licensor represents that it owns or has the right to grant licenses under the United States patents enumerated in Schedule A appended hereto and under the United States patents to issue on the patent applications enumerated in said Schedule A, appended hereto, and maintains laboratories with a staff of engineers, research men and inventors, and expects to file further patent applications and to obtain further United States patents important in the field of this Agreement; and

Whereas, licensees of Licensor are entitled to certain rights under the United States patents and patent applications set forth in Schedule B appended hereto, and

Whereas, Licensee desires a license under such patents issued and to be issued and under said applications;

Now, Therefore, in view of the premises and in consideration of the licenses herein granted and agreed to be granted, the mutual covenants and agreements herein contained and any releases executed concurrently herewith, it is agreed as follows:

Article I.

Definitions.

For the purposes of this License Agreement the following definitions shall apply:

Section 1. A "complete radio broadcast receiver" of sound or pictures means a complete apparatus fully equipped with tubes, in the condition in which it is to be sold to the ultimate purchaser for use and fully operative (except for any antenna not particularly designed and sold by Licensee to function with such receiver and except for a primary source of power, such as batteries or house wiring) for receiving radio broadcast signals and for converting them into audible or visual signals, one or both as the case may be.

Section 2. A "chassis of a radio broadcast receiver" of sound or pictures means a complete radio broadcast receiver in accordance with Section 1, less the cabinet or housing and which may also be less the tubes or speaker or both.

Section 3. A "complete carrier current receiver" of sound or pictures means a complete apparatus fully equipped with tubes in the condition in which it is to be sold to the ultimate purchaser for use and fully operative (except for a primary source of power, such as batteries or house wiring) for receiving signals transmitted over wires (such, for example, as power lines) and for convert-

ing such signals into audible or visual signals, one or both, as the case may be.

Section 4. "Pictures" means light images, shadows, reflections, and other visible reproductions, of the aspect or shape of animate or inanimate objects, or of drawings, writing, forms, and other graphic, printed and written matter of all kinds.

Section 5. "Tube" means an electron-discharge or semiconductor device consisting of two or more electrodes and which is capable of changing the form of or controlling or modifying energy supplied thereto used for any purpose under this license.

Article II.

Licenses.

Section 1. Licensor hereby grants and agrees to grant under all United States Letters Patents of Schedule A and under all the United States Letters Patents to issue on the applications of Schedule A and under all other United States Letters Patent and applications with respect to which during the term hereof it shall have the right to grant licenses (but, in the case of patents and applications under which Licensor has or shall subsequently acquire a limited right to grant licenses for part or all of the field hereof, the licenses herein granted are subject to any limitations to which that right may be subject), and upon the terms and conditions hereinafter set forth and solely and only to the extent hereinafter specified and defined, a personal, indivisible, nontransferable and nonexclusive license to Licensee to manufacture at its factories the apparatus specified in Section 2 hereinafter and to sell or lease said apparatus manufactured by Licensee as a whole to others. The license to manufacture includes the right to make all or any of the separate parts and the right to have all or any of the separate parts made by others, but no license

is granted to sell parts separately except for bona fide repair of used apparatus or replacement of worn-out or defective parts of used apparatus.

Section 2. The apparatus for which the said license is granted is as follows, the license in each case being limited to apparatus designed and intended primarily for use in homes, use for educational purposes, and private noncommercial use:

(a) Complete radio broadcast receivers of sound;
(b) Complete radio broadcast receivers of pictures (television);
(c) Chassis of radio broadcast receivers of sound;
(d) Chassis of radio broadcast receivers of pictures (television);
(e) Complete carrier current receivers of sound;
(f) Complete carrier current receivers of pictures;
(g) Combinations of the apparatus specified in (a) and (b) of this section; and
(h) Combinations of the apparatus specified in (c) and (d) of this section.

In the event any of the apparatus specified in the foregoing subsections (a), (b), (e), (f), and (g) is sold without, or shipped separately from, any one or more of its normal tube complement, such apparatus shall nonetheless be licensed and royalties shall be computed and paid thereon under the provisions of Article III hereof on the same basis as though such apparatus were sold and shipped with its normal tube complement.

Section 3. Nothing herein contained, and no act or acts hereunder, shall be construed as, or result in, conveying any license to Licensee, expressly or by implication, estoppel or otherwise:

(a) Under any Letters Patent which or rights under which are held by Licensor under an agreement

such that Licensor can grant licenses only upon the payment of royalties or other consideration by Licensor to others; provided however, that Licensor will from time to time keep Licensee informed of all such agreements and that Licensee may at any time obtain rights under such agreements corresponding to the licenses herein granted, so far as such agreements permit, on engaging to pay Licensor any amounts which Licensor has to pay under such agreements because of Licensee's exercise of such rights;

(b) Under any patents of countries foreign to the United States;

(c) To manufacture or sell apparatus otherwise than in accordance with the express provisions of this License Agreement.

Article III.

Royalties.

Section 1. Licensee agrees to pay to Licensor upon each complete apparatus of any of the types identified in Article II, Section 2, sold or leased by Licensee during continuance of this license, royalties as follows:

(a) Upon apparatus of any of the types identified in subsections (a) and (e), a royalty of forty-five hundredths per cent. (0.45%) of Licensee's net selling price of said complete apparatus. In determining the net selling price of apparatus covered by this subsection 1(a), there may be deducted from the actual selling price thereof, in addition to any deductions provided hereinafter: (1) an amount corresponding to Licensee's manufacturing cost or purchase price of the mechanical portion of any electromechanical accessory apparatus such as electric clocks, electric phonograph apparatus, automatic record-changing appara-

tus, etc., if such be included, plus a mark-up of fifty per cent. (50%); and (2) an amount equal to Licensee's manufacturing cost or purchase price of the cabinet plus a mark-up of fifty per cent. (50%) less Twenty-two and 50/100 Dollars ($22.50). The term "manufacturing cost" as used herein shall be determined in accordance with the latest edition at the time of "Uniform Accounting Manual—Electrical Manufacturing Industry" issued by the National Electrical Manufacturers Association.

(b) Upon monochrome apparatus of any of the types identified in subsections (b), (f) and (g), a royalty of ninety-five hundredths per cent. (0.95%), and upon color apparatus of any of such types a royalty of one and thirty-five hundredths per cent. (1.35%), of Licensee's net selling price of said complete apparatus, determined as set forth in preceding subsection (a) of this section.

(c) Upon apparatus of the type identified in subsection (c) a royalty of nine-tenths per cent. (0.9%) of Licensee's net selling price of said apparatus less Licensee's actual cost of the tubes and speaker, or either of them, if sold therewith.

(d) Upon monochrome apparatus of any of the types identified in subsections (d) and (h), a royalty of one and nine-tenths per cent. (1.9%), and upon color apparatus of any of such types a royalty of two and seven-tenths per cent. (2.7%), of Licensee's net selling price of said apparatus less Licensee's actual cost of the tubes and speaker, or either of them, if sold therewith.

Provided, however, that the rates of royalty applicable to color apparatus shall be the same as those applicable to corresponding monochrome apparatus to and including June 30, 1959.

The net selling price on which royalty is computed in any case is the selling price before any deduction for cash discounts, or for any freight, advertising or other allowances but after deductions of manufacturer's excise taxes actually paid by Licensee directly to the taxing authority. Royalties shall be payable by Licensee hereunder with respect to licensed apparatus purchased from other licensees of Licensor in all respects as though such apparatus had been manufactured by Licensee itself under this Agreement except as otherwise provided in Section 6(d) of this Article III. Sales of licensed apparatus by Licensee to any other licensee of Licensee who is obligated to pay royalties to Licensor in respect thereof shall be reported by Licensee to Licensor as provided in Article IV, Section 2 hereof, but shall not be subject to the payment of royalties by Licensee.

Section 2. In order to insure to Licensor the full royalty payments contemplated under Section 1 of this Article, namely, royalty on selling prices to purchasers wholly independent of Licensee, it is agreed that, in the event that any apparatus is sold hereunder:

(1) To a corporation, firms or association which, or individual who, shall own or control directly or indirectly a controlling interest in Licensee by stock ownership or otherwise; or

(2) To a corporation, firm or association in which Licensee or stockholders of Licensee, or any subsidiary or parent or affiliated company of Licensee shall own or control directly or indirectly a controlling interest by stock ownership or otherwise; or

(3) To a corporation, firm, or association to which, or individual to whom Licensee sells exclusively or which or who purchases exclusively from Licensee apparatus of the type licensed, either as a matter of general practice or under the provisions of any sales

agreement, arrangement, or understanding between the parties; or

(4) To a corporation, firm or association with which, or individual with who, Licensee or its stockholders or subsidiary or parent or affiliated companies shall have any agreement, understanding or arrangement (such as, among other things, an option to purchase stock or involving a division of profits or special rebates or allowances) without which agreement, understanding or arrangement, prices paid by such corporation, firm or association or individual for the apparatus sold hereunder would be higher than the price actually paid, or if such agreement, understanding or arrangement results in extending to such corporation, firm, association or individual lower prices for the apparatus sold hereunder than those charged to outside concerns buying similar merchandise from Licensee in similar amounts and under similar conditions;

then, and in any of such events, the royalties to be paid hereunder in respect of such apparatus shall be upon the net selling price, before cash discount, freight or advertising allowance or other similar deductions, at which such purchaser resells such apparatus to a purchaser wholly independent of itself and of Licensee, instead of upon the net selling price of Licensee; provided however, that Licensee shall not be obligated under this section to pay royalty upon selling prices of apparatus in excess of the standard price at which Licensee sells such apparatus to any wholly independent jobber or distributor.

Section 3. For royalty purposes under this Agreement, apparatus shall be considered to be sold or leased when billed out, or if not billed out then when delivered, shipped or mailed, or when paid for if paid for before delivered, shipped or mailed. If as a result of a price reduction established by Licensee or a return to Licensee of licensed

apparatus previously sold by it, Licensee shall refund or credit to a customer part or all of such licensed apparatus, Licensee shall be entitled to a credit against royalties payable hereunder equal to the royalties on that part of the selling price so refunded or credited.

Section 4. In case the royalties accrued and paid by Licensee hereunder do not aggregate a minimum of Two Thousand Five Hundred Dollars ($2,500) for the fiscal license year ending

, and for each succeeding fiscal license year during the life of this Agreement, Licensee agrees within thirty (30) days of the end of each such year to make up the deficiency of the actual royalties paid to such minimum sum.

Section 5. Promptly after receipt of the final royalty report and payment of each fiscal license year, provided that Licensee shall have fully and faithfully performed all of its obligations hereunder, Licensor agrees to credit against future royalties due from Licensee (or, in the case of the final fiscal license year, to refund to Licensee) an amount equal to five per cent. (5%) of the royalties which Licensee has paid pursuant to Section 1 of this Article on sales made during such fiscal license year.

Section 6. By giving notice to Licensor at any time within six (6) months after the beginning of any fiscal license year that it desires and agrees to make a lump sum payment for such fiscal license year in accordance with and subject to the following terms and conditions in lieu of the royalties provided for by Section 1 of this Article, Licensee shall be released from the obligations of Section 1 of this Article for the balance of such fiscal license year except as hereinafter provided.

(a) The lump sum payment shall be Fifty Thousand Dollars ($50,000), which sum Licensee agrees to pay in quarterly instalments in advance. At the time of giv-

ing said notice, Licensee shall pay any deficiency in the royalties previously paid under Section 1 of this Article with respect to quarterly payments then due or may take as a credit against future quarterly payments any excess of such royalties previously paid.

(b) Except as provided in subsection (d) hereinafter, the apparatus to which this sum shall apply shall be all apparatus of any of the types identified in Article II, Section 2 of this Agreement which is sold or leased by Licensee during the fiscal license year with respect to which said notice is given and which is sold for resale under the trade marks or brand names specified under subsection (c).

(c) Licensee shall at the time of giving said notice designate all brand names and trade marks identified with Licensee's radio and television business under which all apparatus covered by this lump sum payment is to be marketed and agrees to use its best efforts to cause all such apparatus to have one of said brand names or trade marks permanently and conspicuously affixed thereto.

If Licensee finds that in the normal conduct of its business it is desirable to sell or lease apparatus under additional brand names or trade marks, it may apply to Licensor for permission to use additional specified trade marks or brand names, but apparatus sold or leased under such other trade marks or brand names shall not be covered by this lump sum payment unless said permission is granted in writing by Licensor.

(d) Apparatus manufactured for or sold to other radio or television manufacturers or other licensees of Licensor (except apparatus designed and intended for installation in automobiles, airplanes, and motor boats and manufactured for or sold to automobile manufacturers, airplane manufacturers, and motor boat

manufacturers which may be licensees of Licensor) or manufactured by or purchased from other radio or television manufacturers or other licensees of Licensor is not included in the apparatus for which this lump sum is a payment in lieu of royalties.

Notwithstanding any prior provisions of this Section 6 or any prior election made by Licensee pursuant thereto, all licensed color television receiver apparatus sold on and after July 1, 1959, shall be excluded from the provisions of this Section 6 and royalties thereon shall be computed and paid in accordance with the provisions of Section 7 of this Article III.

SECTION 7. On and after July 1, 1959, if and when in any fiscal license year Licensee (a) shall have paid percentage royalties as specified in Section 1 of this Article III with respect to all licensed apparatus aggregating Fifty Thousand Dollars ($50,000) or (b) shall have elected the lump sum payment of Fifty Thousand Dollars ($50,000) specified in Section 6 of this Article III with respect to all licensed apparatus other than color television receiver apparatus, thereafter, in either of such events, royalties on licensed color television receiver apparatus shall be computed and paid at one-half the respective rates specified in Sections 1(b) and 1(d) of this Article III, until the total royalties paid or payable by Licensee for such fiscal license year with respect to all licensed apparatus shall have aggregated the sum of Seventy-five Thousand Dollars ($75,000); thereafter royalties on licensed color television receiver apparatus shall be computed at one-quarter the rates specified in Section 1(b) and 1(d) of this Article III for the remainder of such fiscal license year, all such royalties on color television receiver apparatus to be reported and paid monthly as provided in Article IV hereinafter.

Article IV.

Reports and Payments.

SECTION 1. Licensee agrees that it will keep records showing the production and the sales and leases of all apparatus upon which royalties are payable under Article III of this Agreement in sufficient detail to enable the royalties payable hereunder to Licensor to be determined, and generally to allow such investigation of all its operations hereunder and in connection herewith as may be necessary to determine Licensee's compliance with this Agreement and the accuracy of said records and the statements to be furnished hereunder. Licensee further agrees to permit Licensor's duly authorized representative, or at the option of Licensee a reputable certified public accountant designated by Licensor, to inspect such records at all reasonable times.

SECTION 2. On or before the last day of each month, and as of the last day of the preceding month, Licensee agrees to furnish Licensor with written statements over the signature of some officer of Licensee, (unless Licensee is operating entirely within the lump sum payment provisions of Article III, Section 6) in the form appended hereto and marked Exhibit 1.

The first of such statements shall be rendered not later than the last day of the month next following the month including the date of this License Agreement and shall cover the period from the date of this License Agreement to the end of the same month. The royalty prescribed herein shall be due and payable on the last day of each month upon all such apparatus sold or leased by Licensee during the preceding month, or, in the case of the first statement, the period covered thereby.

If in any such period no apparatus has been sold or leased on which royalty is payable under Article III, Sec-

tion 1, a statement over the signature of some officer of Licensee to such effect shall be furnished to Licensor.

SECTION 3. Licensee agrees to pay interest to Licensor upon any and all amounts of royalties that are at any time overdue and payable to Licensor at the rate of 6 per cent. (6%) per annum from the date when such royalties are due and payable as provided herein.

SECTION 4. Licensor agrees not to disclose to a competitor of Licensee any confidential information relating to Licensee's business obtained by the Licensor under this Agreement, except when combined statistically with corresponding information of other licensees in such manner as to conceal said information, and except as it may be necessary to disclose the information in or in connection with any arbitration or litigation.

Article V.

Trade Mark and Patent Markings.

SECTION 1. Licensee agrees to use its best efforts to mark on all apparatus identified in Article II, Section 2, sold or leased by it under this license the word "

", or such other trade mark, trade name or brand name as Licensee shall from time to time specify in writing to Licensor. Such trade mark or trade or brand name shall be etched, stamped, or in some other permanent form affixed on every such piece of apparatus and, at election of Licensor, apparatus not bearing said word, name or trade mark is not licensed. Nothing in this section shall be construed to modify the restrictions of Article III, Section 6.

SECTION 2. Licensee agrees to comply with all requests of Licensor relative to patent marking reasonably required in order to comply with the constructive notice provisions of Patent Statutes, (U. S. Code, Title 35, Sec. 287). Until further notice, Licensee agrees to mark all licensed ap-

paratus manufactured and sold or leased by it hereunder, in readily legible form, with the statement:

"This apparatus is licensed under the United States patent rights of Hazeltine Research, Inc."

The marking required by this section shall be affixed to said licensed apparatus by attaching plates bearing the required marking or by affixing said marking on said apparatus in some other form equally permanent and, at election of Licensor, apparatus not bearing such marking is not licensed.

SECTION 3. Upon request of Licensor, Licensee agrees to supply to Licensor data sufficient to enable the parties to comply with preceding Section 2 of this Article V.

Article VI.

Waiver.

No waiver by Licensor, express or implied, of any breach of any term, condition or obligation of this Agreement by Licensee shall be construed as a waiver of any subsequent breach of that term, condition or obligation, or any other term, condition or obligation of the Agreement of the same or different nature.

Article VII.

Litigation.

Licensor agrees that it will bring and diligently prosecute such suits for infringement of the various patents under which licenses are herein granted as may in its judgment be reasonably necessary and prudent for enforcing those patents and preventing unlicensed competition in patented apparatus in the field of this license.

Article VIII.

Notices.

Any notice hereunder must be in writing and may be given by registered or certified letter and shall be deemed to have been given when such registered or certified letter, properly addressed, is mailed; if given otherwise than by registered or certified letter, it shall be deemed to have been given when delivered. If such notice is to be given to Licensor it shall be addressed to Licensor at its office, 5445 West Diversey Avenue, Chicago 39, Illinois; if given to Licensee it shall be addressed to Licensee at

Either party hereto may at any time by thirty (30) days' notice to the other designate any other address in place of those above given.

Article IX.

Term and Termination.

Section 1. Unless sooner terminated as herein provided, the license herein granted shall extend for a period of five (5) years from the effective date hereof and, unless Licensee shall have fully and faithfully performed all its obligations hereunder and shall have given six (6) months' written notice to Licensor prior to the end of such five (5) year period of its election to terminate such license, thereafter for an additional period of three (3) years.

Section 2. Licensor may, at its option, terminate this agreement, (a) on the failure of Licensee to render statements, to pay royalties or to make any other payments due under this Agreement or on Licensee's failure to comply with any other provision of this Agreement and on its failure to correct such default within ten (10) days after its attention has been called thereto; (b) at any time upon or during the bankruptcy, receivership or insolvency of

Licensee or the appointment of a receiver or trustee for its property, or upon or after an assignment for the benefit of creditors, or upon the filing of a petition, either voluntary or involuntary, for financial reorganization of Licensee or other adjustment of its indebtedness. Any such termination by Licensor shall be by notice in writing to Licensee, stating the reason for the termination and shall take effect ten (10) days after such notice is given.

Section 3. In the event of any default of Licensee identified in Section 2, subsection (a) of this Article, whether or not Licensor has terminated this Agreement in accordance with the provisions of said section, there shall thereupon become payable by Licensee the minimum royalty of Two Thousand Five Hundred Dollars ($2,500) specified in Article III, Section 4, for each calendar year during any portion of which Licensee shall be in default or for the prorated portion of any such calendar year including the date of commencement of this Agreement or the date of termination under the provisions of Section 1 of this Article, in case such date of commencement or termination shall be other than at the beginning or end, respectively, of a calendar year.

Section 4. All licenses shall cease on the date of termination. Apparatus manufactured during the life of the Agreement and on which royalty has been paid within thirty (30) days after the termination shall be licensed to be sold or leased in accordance with the terms and conditions hereof. Within thirty (30) days after the termination Licensee shall report and pay royalties as above provided.

Section 5. No termination of this Licensee Agreement for any cause shall release Licensee from any of the liabilities accruing to Licensor or rescind anything done or any payment or other consideration made or given to either party hereunder prior to the time such termination becomes effective. No failure on the part of Licensor to exercise

any right of termination hereunder shall be construed to prejudice any subsequent right of termination.

Article X.

Validity.

Licensee, during the term of this Agreement, admits the validity of, and agrees that it will not voluntarily and knowingly either directly or indirectly aid or abet any attack upon the validity of, the claims of any patent under which the licenses herein granted shall be in force.

Article XI.

Complete Agreement.

This document, together with any supplements or modifications thereof signed by the parties, comprises the complete Agreement; neither Licensor nor Licensee has made any representations or warranties other than those set forth in this Agreement and such supplements or modifications, if any.

Article XII.

Successors and Assigns.

This Agreement shall inure to the benefit of the successors or assigns of Licensor, but neither this Agreement nor any of its benefits, nor the licenses, rights or privileges herein granted shall be directly or indirectly, by operation of law or otherwise, assigned, transferred, divided or shared by Licensee with any person, firm or corporation whatsoever, except successors or assigns to substantially the entire business of Licensee in apparatus of the type licensed, without the prior written consent of Licensor.

Article XIII.

Illinois Laws.

This Agreement is to be governed by and interpreted in accordance with the laws of the State of Illinois.

In Witness Whereof, the parties hereto have caused this instrument to be duly executed in duplicate.

Impress Corporate Seal Hazeltine Research, Inc.

By .....

President.

Attest:

.....

Secretary.

(For Corporate Execution.)

Impress Corporate Seal .....

By .....

(Title)

Attest:

.....

(Title)

(For Individual Execution.)

.....L. S.

(Title)

.....L. S.

(Title)

Witness:

.....

State of .....
County of ..... } ss.:

On this ..... day of ....., 19...., before me personally came ....., to me known, and who being by me duly sworn, did depose and say: that he is the ..... of Hazeltine Research, Inc., one of the corporations described in and which executed the above instrument, and that ke knows the seal of said corporation, and the seal affixed to said instrument is said corporate seal, and that it was so affixed by authority of the Board of Directors of the said corporation, and that he signed his name thereto by like authority.

.....

Notary Public.

(For Corporate Acknowledgment.)

State of .....
County of ..... } ss.:

On this ..... day of ....., 19...., before me personally came ....., to me known, and who being by me duly sworn, did depose and say: that he is the ..... of ....., one of the corporations described in and which executed the above instrument, and that he knows the seal of said corporation, and the seal affixed to said instrument is said corporate seal, and that it was so affixed by authority of the Board of Directors of the said corporation, and that he signed his name thereto by like authority.

.....,

Notary Public.

(For Individual Acknowledgment.)

State of .....
County of ..... } ss.:

On this ..... day of ....., 19...., before me personally came ....., to me known, and known to me to be the person of such name who signed and sealed the foregoing instrument and who acknowledged the same to be ..... free act and deed.

.....

Notary Public.

Schedule A.

Hazeltine Research, Inc.

United States Letters Patent and Applications.

Patent No. Reissue	Patent Issued Original
Re. 22,112	Jan. 27, 1942
Re. 22,275	Sept. 8, 1942
Re. 22,302	Nov. 25, 1941

Patent No.	Issued	Patent No.	Issued
2,254,435	Sept. 2, 1941	2,271,203	Jan. 27, 1942
2,255,050	Sept. 9, 1941	2,271,964	Feb. 3, 1942
2,255,403	Sept. 9, 1941	2,273,163	Feb. 17, 1942
2,255,690	Sept. 9, 1941	2,273,709	Feb. 17, 1942
2,255,691	Sept. 9, 1941	2,276,488	Mar. 17, 1942
2,255,692	Sept. 9, 1941	2,277,192	Mar. 24, 1942
2,255,839	Sept. 16, 1941	2,277,850	Mar. 31, 1942
2,257,092	Sept. 30, 1941	2,278,159	Mar. 31, 1942
2,258,370	Oct. 7, 1941	2,279,543	Apr. 14, 1942
2,259,520	Oct. 21, 1941	2,280,139	Apr. 21, 1942
2,259,538	Oct. 21, 1941	2,280,181	Apr. 21, 1942
2,261,762	Nov. 4, 1941	2,280,187	Apr. 21, 1942
2,261,800	Nov. 4, 1941	2,280,191	Apr. 21, 1942
2,262,707	Nov. 11, 1941	2,283,106	May 12, 1942
2,263,667	Nov. 25, 1941	2,284,131	May 26, 1942
2,263,825	Nov. 25, 1941	2,284,219	May 26, 1942
2,264,018	Nov. 25, 1941	2,285,038	June 2, 1942
2,264,781	Dec. 2, 1941	2,285,957	June 9, 1942
2,264,782	Dec. 2, 1941	2,289,948	July 14, 1942
2,265,826	Dec. 9, 1941	2,290,517	July 21, 1942
2,265,848	Dec. 9, 1941	2,290,748	July 21, 1942
2,269,540	Jan. 13, 1942	2,291,277	July 28, 1942
2,269,570	Jan. 13, 1942	2,291,450	July 28, 1942
2,269,590	Jan. 13, 1942	2,292,765	Aug. 11, 1942
2,269,678	Jan. 13, 1942	2,293,233	Aug. 18, 1942
2,270,539	Jan. 20, 1942	2,294,182	Aug. 25, 1942
2,271,181	Jan. 27, 1942	2,294,820	Sept. 1, 1942

Patent No.	Issued	Patent No.	Issued
2,295,443	Sept. 8, 1942	2,401,007	May 28, 1946
2,295,816	Sept. 15, 1942	2,401,481	June 4, 1946
2,300,082	Oct. 27, 1942	2,402,058	June 11, 1946
2,300,451	Nov. 3, 1942	2,402,059	June 11, 1946
2,300,452	Nov. 3, 1942	2,403,252	July 2, 1946
2,300,942	Nov. 3, 1942	2,403,385	July 2, 1946
2,302,124	Nov. 17, 1942	2,403,727	July 9, 1946
2,302,619	Nov. 17, 1942	2,403,728	July 9, 1946
2,302,896	Nov. 24, 1942	2,403,729	July 9, 1946
2,303,184	Nov. 24, 1942	2,403,889	July 9, 1946
2,303,987	Dec. 1, 1942	2,403,890	July 9, 1946
2,304,091	Dec. 8, 1942	2,404,173	July 16, 1946
2,305,842	Dec. 22, 1942	2,404,238	July 16, 1946
2,308,375	Jan. 12, 1943	2,404,640	July 23, 1946
2,309,852	Feb. 2, 1943	2,404,939	July 30, 1946
2,312,687	Mar. 2, 1943	2,406,468	Aug. 27, 1946
2,313,952	Mar. 16, 1943	2,406,953	Sept. 3, 1946
2,316,317	Apr. 13, 1943	2,407,147	Sept. 3, 1946
2,321,478	June 8, 1943	2,407,169	Sept. 3, 1946
2,322,528	June 22, 1943	2,407,281	Sept. 10, 1946
2,324,548	July 20, 1943	2,407,282	Sept. 10, 1946
2,324,776	July 20, 1943	2,409,897	Oct. 22, 1946
2,327,248	Aug. 17, 1943	2,409,944	Oct. 22, 1946
2,333,806	Nov. 9, 1943	2,410,735	Nov. 5, 1946
2,335,983	Dec. 7, 1943	2,410,736	Nov. 5, 1946
2,336,555	Dec. 14, 1943	2,411,695	Nov. 26, 1946
2,343,263	Mar. 7, 1944	2,413,181	Dec. 24, 1946
2,343,561	Mar. 7, 1944	2,413,423	Dec. 31, 1946
2,343,745	Mar. 7, 1944	2,413,440	Dec. 31, 1946
2,343,825	Mar. 7, 1944	2,413,451	Dec. 31, 1946
2,347,064	Apr. 18, 1944	2,413,607	Dec. 31, 1946
2,347,529	Apr. 25, 1944	2,413,608	Dec. 31, 1946
2,384,717	Sept. 11, 1945	2,413,609	Dec. 31, 1946
2,388,001	Oct. 30, 1945	2,413,637	Dec. 31, 1946
2,395,615	Feb. 26, 1946	2,415,317	Feb. 4, 1947
2,396,831	Mar. 19, 1946	2,413,836	Jan. 7, 1947
2,396,865	Mar. 19, 1946	2,414,143	Jan. 14, 1947
2,397,607	Apr. 2, 1946	2,414,992	Jan. 28, 1947
2,397,746	Apr. 2, 1946	2,415,141	Feb. 4, 1947
2,398,694	Apr. 16, 1946	2,415,316	Feb. 4, 1947

Patent No.	Issued	Patent No.	Issued
2,415,318	Feb. 4, 1947	2,445,888	July 27, 1948
2,415,359	Feb. 4, 1947	2,446,405	Aug. 3, 1948
2,415,651	Feb. 11, 1947	2,446,613	Aug. 10, 1948
2,415,667	Feb. 11, 1947	2,446,829	Aug. 10, 1948
2,416,246	Feb. 18, 1947	2,447,309	Aug. 17, 1948
2,416,424	Feb. 25, 1947	2,447,316	Aug. 17, 1948
2,417,895	Mar. 25, 1947	2,447,375	Aug. 17, 1948
2,420,753	May 20, 1947	2,451,596	Oct. 19, 1948
2,421,136	May 27, 1947	2,454,042	Nov. 16, 1948
2,421,137	May 27, 1947	2,454,396	Nov. 23, 1948
2,421,138	May 27, 1947	2,454,865	Nov. 30, 1948
2,423,548	July 8, 1947	2,455,740	Dec. 7, 1948
2,425,102	Aug. 5, 1947	2,456,204	Dec. 14, 1948
2,425,585	Aug. 12, 1947	2,456,800	Dec. 21, 1948
2,426,429	Aug. 26, 1947	2,456,803	Dec. 21, 1948
2,426,454	Aug. 26, 1947	2,457,004	Dec. 21, 1948
2,426,460	Aug. 26, 1947	2,457,034	Dec. 21, 1948
2,428,427	Oct. 7, 1947	2,457,058	Dec. 21, 1948
2,429,513	Oct. 21, 1947	2,457,212	Dec. 28, 1948
2,429,519	Oct. 21, 1947	2,457,374	Dec. 28, 1948
2,429,726	Oct. 28, 1947	2,460,175	Jan. 25, 1949
2,430,296	Nov. 4, 1947	2,460,202	Jan. 25, 1949
2,431,762	Dec. 2, 1947	2,461,110	Feb. 8, 1949
2,431,989	Dec. 2, 1947	2,461,120	Feb. 8, 1949
2,431,990	Dec. 2, 1947	2,461,642	Feb. 15, 1949
2,432,026	Dec. 2, 1947	2,461,646	Feb. 15, 1949
2,432,057	Dec. 2, 1947	2,462,265	Feb. 22, 1949
2,432,275	Dec. 9, 1947	2,463,229	Mar. 1, 1949
2,432,349	Dec. 9, 1947	2,467,564	Apr. 19, 1949
2,433,698	Dec. 30, 1947	2,469,168	May 3, 1949
2,434,334	Jan. 13, 1948	2,469,174	May 3, 1949
2,437,493	Mar. 9, 1948	2,472,598	June 7, 1949
2,438,197	Mar. 23, 1948	2,474,576	June 28, 1949
2,438,795	Mar. 30, 1948	2,474,608	June 28, 1949
2,439,641	Apr. 13, 1948	2,475,344	July 5, 1949
2,439,663	Apr. 13, 1948	2,476,407	July 19, 1949
2,441,030	May 4, 1948	2,476,639	July 19, 1949
2,442,514	June 1, 1948	2,477,370	July 26, 1949
2,444,721	July 6, 1948	2,478,409	Aug. 9, 1949
2,444,741	July 6, 1948	2,481,852	Sept. 13, 1949

Patent No.	Issued	Patent No.	Issued
2,483,097	Sept. 27, 1949	2,526,233	Oct. 17, 1950
2,484,331	Oct. 11, 1949	2,526,267	Oct. 17, 1950
2,484,763	Oct. 11, 1949	2,527,664	Oct. 31, 1950
2,485,731	Oct. 25, 1949	2,531,215	Nov. 21, 1950
2,486,285	Oct. 25, 1949	2,532,736	Dec. 5, 1950
2,486,818	Nov. 1, 1949	2,533,912	Dec. 12, 1950
2,488,359	Nov. 15, 1949	2,540,012	Jan. 30, 1951
2,489,615	Nov. 29, 1949	2,540,560	Feb. 6, 1951
2,490,526	Dec. 6, 1949	2,542,825	Feb. 20, 1951
2,490,530	Dec. 6, 1949	2,544,531	Mar. 6, 1951
2,491,029	Dec. 13, 1949	2,547,648	Apr. 3, 1951
2,495,399	Jan. 24, 1950	2,548,436	Apr. 10, 1951
2,495,919	Jan. 31, 1950	2,549,578	Apr. 17, 1951
2,495,938	Jan. 31, 1950	2,550,486	Apr. 24, 1951
2,498,253	Feb. 21, 1950	2,553,263	May 15, 1951
2,499,576	Mar. 7, 1950	2,554,893	May 29, 1951
2,501,186	Mar. 21, 1950	2,556,607	June 12, 1951
2,501,834	Mar. 28, 1950	2,562,476	July 31, 1951
2,502,308	Mar. 28, 1950	2,564,578	Aug. 14, 1951
2,502,359	Mar. 28, 1950	2,570,805	Oct. 9, 1951
2,503,879	Apr. 11, 1950	2,572,725	Oct. 23, 1951
2,504,852	Apr. 18, 1950	2,574,253	Nov. 6, 1951
2,508,479	May 23, 1950	2,574,271	Nov. 6, 1951
2,511,595	June 13, 1950	2,575,571	Nov. 20, 1951
2,511,610	June 13, 1950	2,576,617	Nov. 27, 1951
2,511,611	June 13, 1950	2,576,642	Nov. 27, 1951
2,513,731	July 4, 1950	2,577,781	Dec. 11, 1951
2,513,761	July 4, 1950	2,577,782	Dec. 11, 1951
2,513,921	July 4, 1950	2,577,955	Dec. 11, 1951
2,513,936	July 4, 1950	2,579,338	Dec. 18, 1951
2,514,957	July 11, 1950	2,588,021	Mar. 4, 1952
2,517,951	Aug. 8, 1950	2,588,022	Mar. 4, 1952
2,518,736	Apr. 15, 1950	2,589,808	Mar. 18, 1952
2,519,209	Aug. 15, 1950	2,591,484	Apr. 1, 1952
2,519,524	Aug. 22, 1950	2,593,183	Apr. 15, 1952
2,521,945	Sept. 12, 1950	2,597,833	May 20, 1952
2,522,706	Sept. 19, 1950	2,606,974	Aug. 12, 1952
2,522,731	Sept. 19, 1950	2,609,460	Sept. 2, 1952
2,525,919	Oct. 17, 1950	2,609,492	Sept. 2, 1952
2,526,229	Oct. 17, 1950	2,609,496	Sept. 2, 1952

Patent No.	Issued	Patent No.	Issued
2,610,250	Sept. 9, 1952	2,708,239	May 10, 1955
2,611,029	Sept. 16, 1952	2,710,914	June 14, 1955
2,613,315	Oct. 7, 1952	2,711,529	June 21, 1955
2,613,316	Oct. 7, 1952	2,715,154	Aug. 9, 1955
2,614,212	Oct. 14, 1952	2,717,362	Sept. 6, 1955
2,616,039	Oct. 28, 1952	2,722,563	Nov. 1, 1955
2,617,928	Nov. 11, 1952	2,728,813	Dec. 27, 1955
2,618,703	Nov. 18, 1952	2,729,702	Jan. 3, 1956
2,623,166	Dec. 23, 1952	2,730,564	Jan. 10, 1956
2,624,837	Jan. 6, 1953	2,734,940	Feb. 14, 1956
2,633,527	Mar. 31, 1953	2,735,015	Feb. 14, 1956
2,637,028	Apr. 28, 1953	2,740,109	Mar. 27, 1956
2,637,807	May 5, 1953	2,743,311	Apr. 24, 1956
2,640,925	June 2, 1953	2,745,036	May 8, 1956
2,644,080	June 30, 1953	2,748,267	May 29, 1956
2,644,081	June 30, 1953	2,752,419	June 26, 1956
2,646,526	July 21, 1953	2,754,356	July 10, 1956
2,646,532	July 21, 1953	2,754,481	July 10, 1956
2,651,002	Sept. 1, 1953	2,756,337	July 24, 1956
2,652,194	Sept. 15, 1953	2,756,411	July 24, 1956
2,658,163	Nov. 3, 1953	2,757,571	Aug. 7, 1956
2,664,471	Dec. 29, 1953	2,759,993	Apr. 21, 1956
2,664,561	Dec. 29, 1953	2,760,108	Aug. 21, 1956
2,665,378	Jan. 5, 1954	2,760,165	Aug. 21, 1956
2,666,576	Jan. 19, 1954	2,761,132	Aug. 28, 1956
2,668,237	Feb. 2, 1954	2,763,717	Sept. 18, 1956
2,671,172	Mar. 2, 1954	2,765,363	Oct. 2, 1956
2,671,608	Mar. 9, 1954	2,770,686	Nov. 13, 1956
2,673,892	Mar. 30, 1954	2,773,929	Dec. 11, 1956
2,675,472	Apr. 13, 1954	2,773,930	Dec. 11, 1956
2,678,388	May 11, 1954	2,774,072	Dec. 11, 1956
2,678,389	May 11, 1954	2,774,867	Dec. 18, 1956
2,678,964	May 18, 1954	2,775,759	Dec. 25, 1956
2,686,910	Aug. 17, 1954	2,781,413	Feb. 12, 1957
2,691,073	Oct. 5, 1954	2,784,249	Mar. 5, 1957
2,697,744	Dec. 21, 1954	2,785,376	Mar. 12, 1957
2,702,837	Feb. 22, 1955	2,787,705	Apr. 2, 1957
2,703,389	Mar. 7, 1955	2,790,075	Apr. 23, 1957
2,705,778	Apr. 5, 1955	2,790,166	Apr. 23, 1957
2,707,206	Apr. 26, 1955	2,790,167	Apr. 23, 1957

Patent No.	Issued	Patent No.	Issued
2,793,247	May 21, 1957	2,831,997	Apr. 22, 1958
2,795,656	June 11, 1957	2,832,073	Apr. 22, 1958
2,800,608	July 23, 1957	2,833,851	May 6, 1958
2,802,909	Aug. 13, 1957	2,833,870	May 6, 1958
2,806,211	Sept. 10, 1957	2,837,638	June 3, 1958
2,807,661	Sept. 24, 1957	2,839,618	June 17, 1958
2,807,740	Sept. 24, 1957	2,841,641	July 1, 1958
2,810,780	Oct. 22, 1957	2,841,642	July 1, 1958
2,811,579	Oct. 29, 1957	2,841,643	July 1, 1958
2,812,444	Nov. 5, 1957	2,841,700	July 1, 1958
2,813,147	Nov. 12, 1957	2,841,782	July 1, 1958
2,814,035	Nov. 19, 1957	2,842,613	July 8, 1958
2,814,778	Nov. 26. 1957	2,844,758	July 22, 1958
2,819,333	Jan. 7, 1958	2,844,795	July 22, 1958
2,824,227	Feb. 18, 1958	2,845,480	July 29, 1958
2,826,735	Mar. 11, 1958	2,848,533	Aug. 19, 1958
2,827,564	Mar. 18, 1958	2,848,537	Aug. 19, 1958
2,829,250	Apr. 1, 1958	2,848,628	Aug. 19, 1958

Application Serial No.	Application Serial No.	Application Serial No.	Application Serial No.
17,294	475,138	570,347	662,518
224,723	476,938	574,465	667,190
243,216	477,316	580,599	670,697
280,456	484,279	580,600	675,858
300,650	484,531	583,305	678,190
339,145	484,612	598,846	679,234
345,563	487,567	612,555	679,281
345,564	491,760	612,556	679,580
355,637	496,141	616,056	679,730
359,734	496,171	616,057	681,674
368,067	496,172	617,038	686,551
381,580	498,077	617,039	689,671
384,488	498,918	617,040	704,633
384,560	500,792	617,041	704,770
387,283	500,904	617,042	715,829
387,853	502,643	619,145	725,063
388,519	507,248	619,912	742,462
402,841	511,852	620,123	743,396
406,131	513,345	622,702	746,115
420,225	514,341	622,703	749,275
422,058	514,343	623,279	750,192
422,915	516,349	623,565	
423,746	517,614	627,877	
423,998	518,162	630,241	
424,565	525,043	630,370	
431,383	526,506	633,323	
435,339	527,899	634,959	
435,474	527,914	635,329	
435,566	530,029	635,330	
437,470	530,490	635,331	
439,285	535,066	636,133	
445,106	535,085	636,198	
445,550	540,428	636,199	
446,301	540,523	637,708	
446,834	548,345	639,577	
446,939	551,708	639,578	
447,762	552,442	642,133	
447,763	552,443	649,348	
453,236	552,871	652,577	
466,252	553,139	652,578	
467,466	558,526	652,974	
469,942	560,313	654,421	
471,340	560,412	656,039	
473,914	567,134	662,199	
473,915	567,135	662,516	
473,916	567,503	662,517	

Schedule B.

Miscellaneous United States Letters Patent and Patent Applications.

(Pursuant to limited rights acquired from their respective owners. Details upon request.)

Patent No.	Issued	Application Serial No.
2,254,721	Sept. 2, 1941	388,775
2,255,645	Sept. 9, 1941	472,403
2,257,272	Sept. 30, 1941	512,067
2,269,524	Jan. 13, 1942	561,206
2,288,486	June 30, 1942	636,970
2,294,328	Aug. 25, 1942	650,468
2,373,601	Apr. 10, 1945	735,821
2,425,454	Aug. 12, 1947	737,938
2,448,177	Aug. 31, 1948	744,384
2,456,422	Dec. 14, 1948	750,269
2,469,256	Apr. 26, 1949	
2,508,208	May 16, 1950	
2,509,269	May 30, 1950	
2,524,183	Oct. 3, 1950	
2,524,987	Oct. 10, 1950	
2,525,151	Oct. 10, 1950	
2,525,698	Oct. 10, 1950	
2,526,846	Oct. 24, 1950	
2,542,825	Feb. 20, 1951	
2,550,960	May 1, 1951	
2,557,686	June 19, 1951	
2,558,925	July 3, 1951	
2,573,558	Oct. 30, 1951	
2,658,146	Nov. 3, 1953	
2,675,423	Apr. 13, 1954	
2,730,716	Jan. 10, 1956	
2,735,938	Feb. 21, 1956	
2,743,441	Apr. 24, 1956	
2,747,181	May 22, 1956	
2,759,365	Aug. 21, 1956	
2,768,901	Oct. 30, 1956	
2,771,583	Nov. 20, 1956	
2,774,966	Dec. 18, 1956	
2,790,903	Apr. 30, 1957	
2,794,149	May 28, 1957	
2,825,837	Mar. 4, 1958	
2,841,644	July 1, 1958	

EXHIBIT I
(LICENSEE)_____

SUMMARY OF ROYALTY DUE HAZELTINE RESEARCH, INC.

FOR MONTH OF_____, 19____

TYPE OF APPARATUS	SALES AND LEASES		DEDUCTIONS			NET AMOUNT SUBJECT TO ROYALTY	ROYALTY	
	QUANTITIES	AMOUNT	EXCISE TAX PAID	ELECTRO-MECHANICAL ACCESSORY APPARATUS	CABINET		RATE (Percent)	DOLLARS
		$	$					
Sound broadcast receivers							0.45	
Television broadcast receivers								
Monochrome							0.95	
Color							1.35	
Combination sound and television broadcast receivers								
Monochrome							0.95	
Color							1.35	
Chassis of sound broadcast receivers					TUBES AND SPEAKER		0.9	
Chassis of television broadcast receivers								
Monochrome							1.9	
Color							2.7	
Combination chassis of sound and television broadcast receivers								
Monochrome							1.9	
Color							2.7	
Other licensed apparatus								
TOTAL								

It is hereby certified that the foregoing statement of royalty due from the Licensee to Hazeltine Research, Inc., for the period from_____ to_____, inclusive, has been prepared from the books of the Licensee by the undersigned or under his direction and that it is a true and correct statement to the best of his knowledge, information and belief.

_____
(Title)

Defendant's Exhibit No. 2.

DEFENDANT'S EXHIBIT NO. 3.

Memorandum to Mr. W. H. Wilson December 14, 1961.
From L. B. Dodds—Personal and Confidential.
Subject—Prospective Hazeltine Royalty Income.

In accordance with your request I am setting forth below my views with respect to the present license position of HRI and the prospective royalty income which it can anticipate.

The question has very properly been raised as to whether or not it might be possible to modify the licensing program of HRI to increase its royalty income with respect to Color TV receivers in order to take advantage of what is believed to be the dominating patent situation which the company holds in that field. A consideration of what steps might be taken to implement this objective requires a review of the background of the HRI licensing program which has been carefully developed and planned over a period of more than twenty years.

A. Royalty Income.

It appears significant to review the HRI royalty income only for the post-World War II period during which royalties have been based preponderantly on television receivers while the pre-war income was based solely on radio receivers. Further, since we are considering the domestic license situation, only the domestic royalties appear relevant. The royalties in 1946, the first post-war year, amounted to $1,269M and increased to a peak in 1952 of $1,872M, at which time the entire industry, except Avco, was licensed and that company was later forced by successful litigation to take a license and to pay back royalties for its infringement. Due to circumstances related below, the royalty income thereafter progressively declined to $583M in 1960 and they may be somewhat less this year.

However, commencing about 1952, intense competition forced a severe concentration of the radio and TV industry from about 40 major companies to the 16 (Sup. 9) currently active*, although only one of the 24 casualties (Hoffman) occurred within the last few years. From this it may be concluded that the industry is fairly well stabilized. It seems probable that future casualties will be offset by newcomers such as Capehart, recently organized by the principals of Liberty Music Stores, but still a relatively small factor in the industry.

During the entire modern history of Hazeltine the license has always effectively had a ceiling on the royalties which any particular licensee paid in any given year. In 1934 this was established at $150,000 but at that time no more than three licensees ever qualified to pay this lump sum. Due to a series of unsuccessful patent infringement suits, the decision in the last of which was in 1947, this ceiling or lump sum payment (and the percentage royalty rate) was reduced in 1941 by 30 percent to $105,000 and in 1947 to $50,000, although this last reduction was accompanied by a decrease in the royalty rate from 1.05 to 0.95 percent. Upon expiration in 1959 of the basic Toulon patent, which was sustained in litigation against Avco, it developed that a number of companies were using only one or two Hazeltine patents and it became necessary to offer to the industry licenses under individual patents, with the result that the majority of the current licenses carry an effective ceiling of $25,000 per year.

About 1953, when royalty income was near its peak, namely $1,842M, the foregoing trend was anticipated and steps were then taken to increase the royalties on color TV receivers. As a practical matter it was not possible to increase royalties in new licenses granted so long as prior licensees had continuing commitments at the lower rate. For many years the Hazeltine license had carried a stand-

ard three year renewal option on the part of its licensee at the end of its initial term. The first step taken in 1954 to limit continuing commitments was to eliminate this three year renewal option. This meant that licenses then granted could not extend beyond 1959. Since the renewal options of several prior licensees extended to that date and beyond, it appeared that it would not be possible to increase the royalty rate on color prior to the end of 1960. The next step, taken in 1955, was to include in each new license a cut-off date on the license on color TV receivers of December 31, 1960, leaving Hazeltine free thereafter to negotiate whatever rights on color receivers the industry could be persuaded to pay. Due to a number of fortuitous circumstances, including the high casualty rate noted above, it became possible to advance the date on which the royalty rates on color TV receivers were increased as of July 1, 1958.

Royalty rates, as such, are discussed in the next section of this memo but it appears appropriate at this time to point out that the present effective maximum royalty in each license has been restored to its original amount of $150,000 per year which increases on July 1, 1963 to $200,000 per year.* At current rates this ceiling covers a licensee's production of about 50,000 sets per year. If the current predictions materialize that the production of color TV receivers will reach upwards of one million sets per year within the next few years, it would seem that the majority, if not all, of the 16 manufacturers mentioned might have a volume of the order of 50,000 sets to earn the ceiling royalty of $200,000 or a potential maximum royalty of $3 million, about 60 percent more than the peak royalties ever received in the past.

Moreover, Hazeltine has what is believed to be an important patent on monochrome TV receivers which is used in the great majority of the receivers now in the market

and is the principal basis of currrently received royalties. This paetnt is now in litigation with Zenith and Firestone (on accout of Philco and Trav-Ler receivers). It continues in force until 1968 and, if sustained, will be a source of substantial additional income, although licenses making the lump sum payment of $25,000 with respect to this patent have a partial offset in reduction of their royalties on color TV receivers.

B. Royalty Rates.

Again considering only the post-war period, the royalty rate on monochrome and color TV receivers was initially 1.05 percent (although there was no appreciable production of color TV receivers until 1955). In 1947, at the same time that the lump sum payment was reduced to $50,000 as mentioned above, the percentage rate was reduced to 0.95 percent, the rate still in effect. However, effective as of July 1, 1958 the basic rate on color TV receivers was increased substantially 50 percent to 1.35 percent at the same time that the overall ceiling was raised from $50,000 to $150,000. This percentage rate drops to 0.675 percent for royalties in excess of $50,000 per year and to a minimum of 0.3775 percent for royalties in excess of $75,000 per year. However, the effective increase in royalty rate is much greater than apparent. Due to the very low ceiling in effect for monochrome TV receivers, Hazeltine has received effectively an overall royalty of only about 0.1 percent so that the new rate is more than three times the rate previously received on monochrome TV receivers while the new ceiling is precisely three times the prior ceiling, and increases to four times the prior ceiling on July 1, 1963.

C. RCA.

It is believed that the RCA license situation is sufficiently different from that of Hazeltine to preclude making any

meaningful comparison. Going back into History a bit, RCA sustained the basic DeForest patent on the oscillator in the United States Supreme Court in the late 30's. This circuit is used in virtually every sound and television receiver and, as a consequence every manufacturer became a licensee of RCA at that time. In corresponding point of time every important patent of Hazeltine that had been litigated had been invalided and only about 50 percent of the industry was licensed by Hazeltine. In addition, it is generally reported that RCA used its dominant commercial position, particularly in the tube field, in active support of its license position.

The momentum of the RCA license situation was such that after the war (when the oscillator patents had expired) the entire industry renewed their licenses, with the exception of Zenith and, later, Philco, which companies instituted vigorous litigation with RCA. The Hazeltine situation was different. Such a large segment of the industry had become accustomed to operating with out a Hazeltine license that it was possible to get them to accept licenses only after extensive litigation with Admiral and Philco (settled just before trial) and Avco. The disrespect for the Hazeltine license position even went so far that eight substantial licenses (though not the largest) organized to resist the license and stop paying royalties. As a result, Hazeltine precipitated litigation with Air King (CBS Electronics), Automatic Radio, DeWald, Olympic and Sentinel). All of these terminated favorably to Hazeltine after the validity of its license had been sustained by the United States Supreme Court in the Automatic Radio case.

While Hazeltine has never made a study of the RCA patents on television receivers, it is generally recognized that they have had rather comprehensive coverage of both monochrome and television receivers and some coverage of sound receivers. In the Zenith-RCA litigation there

was involved 136 patents under the control of RCA. This is only natural since it is a matter of common knowledge that RCA consistently expended on R & D work in the radio and TV field sums of the order of 100 times those spent by Hazeltine. In addition, RCA held licensing rights in the radio and TV field under the patents of GE, Westinghouse, A. T. & T. and EMI of Great Britain, one of the early pioneers in the TV field. Therefore, it was only natural, even without the license pattern established prior to the war, that RCA could command higher royalty rates than Hazeltine.

Nevertheless, RCA's royalties on monochrome and TV receivers were not considerably greater than Hazeltine and sometimes less, which led to complaints from the Hazeltine licensees. RCA's last royalty rate (prior to the present royalty-free licenses to the industry) was 1⅛ precent against Hazeltine's 0.95 percent, but RCA permitted deduction from the royalty rates of the cost of all tubes in the receiver, including the cathode ray tube, while Hazeltine did not.

It is true that the RCA license had no express ceiling in it but RCA met this situation in the case of the larger licensees where the percentage royalties would amount to huge figures by deals according to which RCA paid huge sums for licenses under the patents of its licensees even though of no commercial importance. It is reported that this "kick-back" in the case of the last Philco license was $1 million. Moreover, it is reliably reported that the contest between Zenith and Philco with respect to the relative sizes of their "kick-backs" led to the Zenith litigation and later to the Philco litigation, which resulted in the complete destruction of the RCA license position and forced payment to Zenith of antitrust damages of $10 million and the grant to the entire industry of a royalty-free license. It was always the feeling of Mac, Jack and the

writer that this absence of a ceiling in its license was a major contributing factor to its downfall.

The long history of licensing in the radio TV industry rather convincingly demonstrates that an attempt to license industry even at moderate rates without a ceiling results in royalties aggregating such large sums that the major units of industry are tempted to fight rather than to pay.

D. The Legal Problem.

Hazeltine, since its organization in 1924 and until very recently, offered licenses to the industry only under its whole group of patents. The writer is convinced that that is what the industry has always wanted and still wants, namely, complete freedom of design so that it does not have to worry about Hazeltine patents as they issue from week to week. This type of licensing has been termed "package licensing" or "block booking" by analogy to the practice of motion picture producers of booking a whole block of pictures. That is, an exhibitor had to take a certain number of Grade B pictures in order to get the Grade A pictures he wanted. The Supreme Court outlawed this practice in the Paramount Pictures case in 1948 and, while it has not passed upon the package licensing of patents, the opinion of the Patent Bar, shared by the writer, is that it would condemn a corresponding package licensing of patents.

However, there must be clearly kept in mind two basically different types of "package licenses" (1) mandatory and (2) voluntary. In such licenses of the first type the patent owner compels the licensee to take a license under all of his patents if he wants a license under any, or puts such conditions upon the grant of a license on a few patents as is equivalent to a refusal, e.g. he may charge the same royalty for a single patent as for the entire group. It is believed that it would be hazardous for Hazeltine to refuse

to negotiate in good faith on a license on any of its patents that a licensee may want and Hazeltine has consistently done so, as evidenced by the many licenses now outstanding on single patents.

The second type of "package license" is that in which the licensor and the licensee want to deal on the basis of a package license and this is termed the voluntary type. Such an arrangement has never been criticized or invalidated in any court proceeding. This is the basis on which Hazeltine has consistently operated in the past in the radio and monochrome TV field and operates currently in the color TV field. I believe that it should continue to do so with the reservation that if any licensee wants to negotiate a license on one or more patents Hazeltine should do so. I am confident that such a practice would never result in any decision of illegality.

My confidence in the legality of Hazeltine's present practice is supported by the "Report of the Attorney General's National Committee to Study the Antitrust Laws", dated March 31, 1955. This National Committee comprised sixty-one lawyers of national prominence in the antitrust field and included as co-chairmen Judge Stanley N. Barnes, then Assistant Attorney General in charge of the Antitrust Division of the Department of Justice and Professor S. Chesterfield Oppenheim of the University of Michigan Law School.

The Committee considered all aspects of the antitrust field and rendered a 393 page report. The Report has become somewhat of a "bible" in the antitrust field and, while it does not have the force of a statute, it is frequently cited and relied upon by the Federal Courts in their decisions. The Report contains one chapter "Patent-Antitrust Problems" of 38 pages. Pages 239-240, copies of which are attached, deal specifically with this problem of package licensing and are quite specific as to the recommendations of the Committee.

Court decisions have not to date imposed restrictions on package licensing beyond those recommended in the 1955 Report and it is considered extremely unlikely that they will do so. Hazeltine's present licensing practices fall well within these recommendations and it is believed that it would be a fundamental mistake to give up the many advantages of voluntary "package licensing".

Moreover, even if the Court should ever hold Hazeltine's licensing practices illegal, all that would be required to overcome the illegality would be for Hazeltine promptly to give up any practices condemned by the Court and to offer to its licensees licenses of the type approved by the Court. This right of a patent owner to "purge" itself of illegal practices has been repeatedly sustained by the Courts. In the unlikely event that a Court should ever order Hazeltine to give up all package licensing, the only result would be that Hazeltine would then be in the same position which it is proposed voluntarily to take now so that it would have lost nothing and gained much.

It has been suggested that a recent decision of the Court of Appeals of the Third Circuit (Philadelphia) in the American Securit case indicates that Hazeltine should change its license practices, but that was a case based on hard facts which the patent bar feels would not be followed by other Courts. In any event, in that case the patent owner insisted on the same royalty for a license under a single patent as for the entire group and this falls squarely within the condemnation of the attached Report. Moreover, the Court found that the patent owner in that case was in direct violation of an antitrust decree of another Court which, because of background circumstances, had enjoined it from granting licenses of this type. I am confident that the American Securit case has no bearing on Hazeltine's license practices.

E. Alternate Proposal.

Any license program should be based on a royalty rate yielding an optimum income. If the royalty rate is very small, naturally everyone in the industry will take a license but the total yield will be small. At the other extreme, if the royalty rate is ordinately high, only a few will pay it but the majority of the industry will refuse to pay and will elect to litigate and, again, the total yield will be small. The optimum rate then is that which is small enough so that it will be accepted by the great majority of the industry but large enough so that it still may be rejected by a few rugged individualists. It is the opinion of the writer that the present royalty rate structure is close to that optimum.

Nevertheless, should the Management come to the conclusion that Hazeltine is entitled to a gross royalty in excess of $3 million per year which is potentially realizable under the present license program, it is not helpful to criticize one proposal for increasing that royalty income without offering some alternative constructive suggestion. The only alternative which seems practical to the writer is to commence planning now to increase appropriately both the royalty rate and the lump sum payment at the earliest opportunity. Such an increase can be put into effect only after the expiration of Hazeltine's present license commitments. The license commitments to RCA (including the 3 year renewal) expires on June 30, 1966 and that to Sylvania on December 31, 1966. I believe the latter is the earliest date on which such a royalty increase can be put into effect. There are only two licenses which extend beyond the latter date—Admiral which gives December 31, 1967 and Magnavox which expires September 30, 1967. The Admiral license can be terminated by Hazeltine at any time it chooses for default in paying royalties and I believe it might be possible to "buy off" the commitment to Magnavox for the final nine months of its license.

It must be recognized that, as a practical matter, no plan can be put into effect now to increase the royalty rates paid by one company over those paid by its competitors. This is one point on which we can be sure—that a TV manufacturer will stand and fight to the last ditch. Any suggestion that Zenith, the largest unit in the industry, would enter into a license agreement requiring it to pay royalties at a rate higher than those paid by RCA is simply unrealistic. Therefore, it is suggested that this alternative method of raising royalty income, if decided upon, can be put into effect as soon as any other proposal and, hence, suffers nothing on a time basis.

Conclusion.

In brief, the Hazeltine license situation did not, like Topsy, just grow. It is the result of a careful plan over the years, inspired principally by the sage and mature advice of Mac and Jack. It would be foolish to take the position that it cannot be improved upon but it is earnestly suggested that any proposal for change be carefully examined to make certain that it is really a change for the better and not simply a change for the sake of change.

LBD:AMR L. B. Dodds.
Att.

Major TV Companies

Licensed	Unlicensed
Admiral	Emerson
Magnavox	G.E.
Muntz	Motorola
Packard-Bell	Olympic
RCA	Pacific Mercury
Setchell Carlson	Philco
Sylvania	Zenith
Warwick	
Wells-Gardner	

DEFENDANT'S EXHIBIT NO. 4.

Mr. L. B. Dodds

June 2, 1952
No. 5686

R. Adm. D. F. J. Shea
H. R. I. v. Avco et al.
Civil Action 51 C 1640

W. O. Swinyard was with me in Craig's office on the occasion of our first visit with Crosley, 13 June 1950. As Craig stated it was in the nature of a general visit and nothing came of it. On my return I wrote on June 15th to Craig (Serial 2243b). Also on June 15th I set Redfield a copy of our new license agreement (Serial 2244b). Again, as stated, I wrote to John Craig on 28 July (Serial 3049). No answer.

On July 11 I phoned Redfield and in his absence talked to Hogan. I do not remember the conversation but his report covers what I would have suggested and I am sure he could not pull that out of the blue so it probably is substantially correct.

On August 2, 1951 I wrote memo on second Crosley visit (No. 4928). At the second conference in addition to Craig, Redfield and Hogan there were present Clement, Bass and Myers.

Prior to this assembly, during discussions with John Craig, I did not at any time say or infer that I had Avco by the tail and would make them pay. At no time did I feel or have I felt that to be the case and that is, to say the least, a sheer interpretation of his own.

Several times in the conference, I stated that "in our opinion" they were infringing and mentioned "alleged" infringement.

I did not give a negative answer to the question of granting a license under four patents. I distinctly remember

saying I would have to consult you on that. I stated we liked to stick to our standard if possible but that I would discuss this with you. I remember telling you of this on the phone but it does not appear in my memo of 2 August because I kept that brief partly not to put some things in writing and partly because we had a meeting set up for 8 August, a week later.

As I have repeatedly told you I did not offer to buy back immunities for 50G. I said we might be willing to do so but that I could not and it would have to be taken up in New York.

Regarding Hazeltine signing up so many Redfield himself said we should be proud of that fact as it made it easier to go after the few left. I only stated that they were signed to help convince Craig it was a good package.

I think the above covers all points in which, if true, Craig's deposition would be prejudicial to Hazeltine and I shall be glad to testify as above.

With the exception of one out-and-out statement of having Avco "by the tail" I feel that all these points are shaded interpretations of what I said.

D. F. J. Shea.

DFJS:mel—encs.

cc—W. A. MacDonald—J. B. Dow
Jack Binns

DEFENDANT'S EXHIBIT NO. 5.

Confidential!

Memorandum to Mr. Jack Binns — March 4, 1949
No. 817

From R. Adm. D. F. J. Shea

Subject Belmont—Stewart-Warner—Philco—Emerson—Next Move.

To date I have heard nothing from Dave Schultz.

I just talked to Bill Dunn on the telephone and he says that the engineers he released and those that left him have put him just about at the zero point. If he is cut any more he would need outside help. He says that for $55,000 he could hire several engineers. Dave Schultz seems to have the same idea. Bill says he knows our services are better now and he is neutral—if company policy says "Yes" it is agreeable with him—he is not active either way at present.

I recommend we study their circuits and if we can make a good enough case for litigation put it up to Dave Schultz that litigation will cost them so much for which they get no return, whereas the difference in cost between $55,000 and litngation gives them good services. From his reaction with Bill Grimditch I believe this is our only possible chance.

If we can make a case for litigation I suggest a letter from you or Mac to Dave Schultz stating that at last meeting in December it was agreed we would get together in Chicago in January and decide the matter and though I have tried to arrange a meeting it has not been done to date. Tell him we would appreciate his getting together as promised prior to our next directors' meeting, 30 March, to give us his final decision in the matter. Tell him that

the officers of the company earnestly hope it will be favorable so that our long and friendly relations with them will not be interrupted, etc., etc.—see Motorola letter of 22 October and Philco letter of 19 November.

I am assuming that settlement of Crosley and Emerson cases is next in line after which you will be free to talk to Ben Abrams.

I also assume you are considering the next step reference Philco—whether we should see them again and start all over or whether litigation is in order.

Please advise reference Belmont as above or whether you want to hold off pending Emerson settlement, etc.

It might be that Sam Insull now wants our services to the extent that I might tackle him on a straight five-year present basis license stating we'll change later if possible—should I do this or do you think an extension of time would be better while we work on Emerson and possibly again on Philco?

I wrote Dave Schultz a letter from New York about 17 February (second letter) and am just waiting for him to make a move.

I will not tackle Sam Insull until your instructions are received.

In summation, I am sitting tight on all subject licensees pending receipt of further instructions either on 29 March or before if available.

D. F. J. Shea.

DFJS:mel

cc—W. A. MacDonald—J. B. Dow
L. B. Dodds

DEFENDANT'S EXHIBIT NO. 6.

Memorandum to Mr. J. Binns December 30, 1949

From L. B. Dodds

Subject Colonial

Confidential.

This morning I had an extended telephone conversation with Mr. A. L. B. Richardson, patent counsel for Sylvania, relative to a prospective license to Colonial which has been under consideration for some time. He stated categorically, and from my long acquaintance with him I am inclined to believe him, that he had been trying assiduously to bring this license matter to a final conclusion but that he had been unsuccessful. Reading between the lines of our several conversations, I am confident that he has attempted to sell our license to the Colonial management, both because he has a broader viewpoint with respect to patents and patent licenses because of his previous training and because Sylvania itself has established licenses in several fields and he feels that people who live in glass houses should not throw stones.

Richardson said that his difficulties were threefold. First, due to their technical and commercial problems and to the numerous changes in management personnel, he had not been able to get the proper group together for a serious coordinated discussion of the license situation. He had only had separate and isolated talks on different occasions with different individuals. Secondly, due to the fact that Colonial has operated at a considerable loss for a period of years, Mr. Lewis, the President, took a dim view of any arrangement which would further aggravate their financial position. Thirdly, Richardson said that he had been unable to get Mr. Lewis and others to consider the license situa-

tion from a "package" point of view. They insisted on breaking it down into its parts. They reported that they were unable to pay $50,000 per year for engineering assistance. They asked him whether he would recommend that they take a license under the peak detector patents which had been invalidated in the General Motors case and he said that with due regard to his responsibility, he could not recommend such a license. They asked the similar question with respect to the hexode modulator patents and he was forced to give a similar answer. They asked the same question with regard to the Toulon patent and he said that he would be forced to recommend to take a license if they used a circuit comparable to the Philco circuit in suit. Their current TV chassis does not use that circuit but they are in the process of redesigning it. His first information was that they were going to go to the Philco circuit but it appears now that the design is not crystalized.

Richardson assured me that he was still attempting to get the responsible management personnel together to consider the license from an overall viewpoint, that is, patent protection, freedom of design, engineering assistance, and freedom of litigation costs but that he could, of course, make no promises. I am confident that Richardson is working on the problem but the odds seem to be stacked against him. He stated that Colonial's new chief engineer was Norman Harvey who had previously been in charge of their Air Force research work at their Bayside laboratory. He said that obviously Harvey had not yet gotten his feet wet so that he had not quizzed him about the license from the engineering assistance viewpoint but that he intended to do so in the near future.

I will follow up on this matter from time to time. In view of the importance which has been attached to the peak detector patents in the several discussions, in case the Court of Appeals in Chicago should reverse the decisions

of the District Court in the General Electric case that might be a persuasive factor.

L. B. Dodds.

LBD:mp

cc: Mr. W. A. MacDonald
Commodore J. B. Dow
R. Adm. D. F. J. Shea
Colonel J. K. Gowen, Jr.

DEFENDANT'S EXHIBIT NO. 7.

August 8, 1951

via Air Mail).

(Letterhead of Hazeltine Corporation, Washington 4, D. C.)

Dear Jack:

Thanks for your note of August 5th, including a draft reply to Adrian Murphy of CBS. As you suggest, I will turn it over to Mac and Art for their comments.

As I told you in my last note, we had a date with Redfield of Crosley in Cincinnati yesterday. However, a couple of days in advance he phoned me and suggested that I come alone so that Admiral Shea did not attend. Charlie Hogan, whom you may recall was in our Patent Department for a short time, sat in the discussion with Redfield.

Unfortunately, the discussion did not prove to be particularly fruitful. I reviewed again our "package" license story. Redfield said that they felt that their 1949 settlement of litigation with Hazeltine had materially aided us in building up our license situation. I told him that we did not believe that that was an important factor since Emerson had not made a similar settlement as was contemplated at that time. I told him that we probably would not have

made the deal except that we expected Emerson to make the same deal and clean up the Delaware cases. As it was, the same group of patents was still in litigation in Delaware and there was not too much importance whether there were one or two parties arrayed on the other side.

Also, I told him that several of our new licensees had indicated that their principal motivations in taking our license had been our work on color television and our general successes in litigation. I pointed out the strange "coincidence" in the appreciation of our color TV work by Philco and G.E. shortly before their respective cases were to go to trial.

I then discussed with Hogan the merits of Patent 2,208,374—Lewis, sustained in the Admiral litigation; Re. 21,176—Wheeler on the scanning yoke, in view of the Consent Decree of Non-infringement in the Admiral case; Re. 22,055—Toulon, and Patent 2,547,648—Loughren, on the keyed A. G. C. Hogan appeared to get an entirely new picture of these patents and, in fact, admitted that he had not checked into the use of the Loughren keyed A. G. C. patent as to which we notified them of infringement on June 4th, since he had been advised by his engineers that they were using a somewhat different circuit.

Redfield urged that they be permitted to take a "sample" of our license for a shorter period than five years to try it out and see if they like it. I said the answer to that was absolutely no. Redfield then asked that we make a proposal to them based only on the patents on which we had warned them of infringement, royalties to be based on the use of these patents. I said that I would do so but that the rates of royalty for such a license would probably be such as to exceed the $50,000 on their volume of business and that the license would necessarily contain some provision to insure against litigation as to the use

of the licensed patents. I also said that we disliked that sort of arrangement as being one in which the licensee might be licensed at any given time under one group of patents while we would find it necessary to sue them on other patents, and that such litigation would seriously impair the usefulness of the license. As the discussion progressed, this suggestion pretty well dropped out of the picture.

At this time Redfield and Hogan asked to be excused for a short time. They came back in about twenty minutes and said that they felt that any deal to be negotiated should give recognition to the following factors:

1. Both parties would lose by litigation and that neither party desired litigation.

2. The benefits to be derived from Hazeltine's color TV work were speculative both as to timing and usefulness.

3. There would be some "plus" in favor of Crosley and they would be subject to rather a strong sanction if Emerson and DuMont should accept Hazeltine licenses.

4. They believed that any basis of a deal should recognize the value of their present immunities and also the contingency that Hazeltine might lose in infringement litigation with them.

5. The advantage to Hazeltine of having Crosley as a licensee. (I de-emphasized that by pointing out that while, of course, it was an advantage to have any representative company as a licensee, I did not believe the advantage to Hazeltine in having Crosley as a licensee would be greater than that of any other company of comparable size.)

6. They would expect to be assured of the right to any more favorable settlement which Hazeltine might make with Emerson or DuMont.

In the light of the foregoing factors, Redfield then proposed a deal including the following elements:

1. Crosley to give up its present immunities except with respect to the patents specifically set out in the Delaware suits as to which there was a Consent Decree against them and also to give up the side letter entitling them to the same deal in the settlement of the Delaware litigation as we might give Emerson.
2. Crosley to release Hazeltine from all past claims of any nature.
3. Crosley to take a standard license.
4. Crosley to give Hazeltine an option to take a license under the Crosley patents, such license to terminate December 31, 1954.
5. Hazeltine to release Crosley for past infringement.
6. Hazeltine to pay Crosley "X" dollars.

I pointed out that actually the deal which he had outlined was a straightforward one except for the $64 question as to the value of "X". Mr. Redfield said his position was that the value of "X" should be somewhere between $50,000, which he said Admiral Shea had already offered them, and the $250,000 they felt it should be. I told him that the latter figure was of course complete nonsense, that in effect we would be exchanging immunities which are progressively expiring and finally expire in 1953, for larger immunities extending until 1956. I told him that personally I would not have recommended making "X" as high as $50,000 and was not sure that you would, but in any event I was certain that nobody in Hazeltine would approve of assigning any larger value to "X". Nevertheless, he wished me to discuss it with you and Admiral Shea which I said I would do.

It is my general impression that Crosley will take a Hazeltine license over Redfield's dead body unless it is for some rather nominal figure. However, I did get the impression that I was able ot create an increased respect for

certain of the patents which they are using, particularly Toulon, and it is just possible that when he reviews the matter, as he promised to do, they might alter their opposition to the license.

Sincerely yours,

Larry.

cc: Admiral Shea
LBD:rbj

DEFENDANT'S EXHIBIT NO. 8.

June 23, 1959.

Mr. Larry B. Dodds,
President,
Hazeltine Research Corporation—Agent,
59-25 Littleneck Parkway,
Littleneck 62, New York.

Dear Larry:

Reflecting on our last conversation, I realize that there are one or two bits of information that I would like very much to receive from you.

In discussing the possibility of a license under less than all of the inventions subject to the licensing rights of Hazeltine, you stated that your Company had determined that it would issue such licenses but only on the following royalty terms. The royalty, if I recall correctly, is determined by the number of patents selected and is a percentage of the royalty payment required in your standard form of license. I believe the formula you employ is a payment of 50% of the standard royalty for a license under one patent, a paymnet of 80% for a license under two patents and a payment of 100% for a license under three or more patents. Am I correct in that understanding? Also, if

I am correct in the formula, will you advise as to whether or not all of the terms of the standard license agreement, copy of which you recently supplied to me, are applicable to the license under the lesser number of patents. I have in mind particularly the privilege of the licensee to elect as between unit royalty payments and a paid up royalty for a year. If such an election is available under the limited license, is the lump sum figure to be adjusted percentagewise in accordance with the formula stated or does that formula apply only in respect of unit royalty payments?

We considered the Loughren AGC patent in some detail and I am left with the impression that you believe the patent to dominate time-gated AGC if the time gating is accomplished by pulse modulation of the anode potential, recognizing that this may be achieved through the application of a periodic plate potential to the AGC tube. Is this the scope that you hold out for the patent; it will be helpful to me in my future studies to have your view on the scope that you purport for the Loughren claims.

I also ask that you be good enough to confirm for me the number of the RCA licensee bulletin on gated AGC that you tentatively designate as No. 962. Also, would it be convenient for you to cite the publication date of that bullein.

I will appreciate very much your answering these specific questions.

Yours very truly,

F. W. Crotty,
Vice President In Charge of Patents.

FWC/pc

DEFENDANT'S EXHIBIT NO. 9.

Hazeltine Research, Inc.,
5445 West Diversey Avenue,
Chicago 39, Illinois.
National 2-1582.

(Stamp) Received Oct. 15, 1959, Zenith Patent Department.

(Initialed) FWC 10/15/59.

Certified Mail Return Receipt Requested.

Zenith Radio Corporation, October 13, 1959
6001 Dickens Avenue,
Chicago 39, Illinois.

Attention: Mr. Hugh Robertson,
Chairman of the Board.

Gentlemen:

You are no doubt aware, as a result of discussions between representatives of our companies, that your Hazeltine License Agreement in the home broadcast receiver field expired on June 30, 1959. In order to protect our rights under the notice provisions of the Patent Statutes, we must observe the formality of notifying you of any claims we may have on account of the infringement of Hazeltine patents by home broadcast receivers being manufactured and sold by your company.

An examination of your current line of receivers indicates that one or more of such receivers constitute infringements of the following Letters Patent owned by Hazeltine Research, Inc.:

Patent No.	Inventor
2,343,263	Okrent
2,547,648	Loughren

Your attention is called particularly to the following of your chassis, although it appears that other chassis manufactured and sold by your company may also constitute infringement of the above patents:

Chassis	
16C20	16D25
16C21	16D25Q
16D21	17D20
16D21Q	17D20Q

We should like it clearly understood that the foregoing notice does not in any way foreclose further discussions with respect to the issuance of a license to your company under the Hazeltine patents as we stand ready at any time to grant your company a license on reasonable terms.

Will you kindly acknowledge this letter.

Very truly yours,

Hazeltine Research, Inc.
By W. O. Swingard,
Vice President.

cc: Mr. J. S. Wright
Mr. F. W. Crotty

DEFENDANT'S EXHIBIT NO. 10

October 25, 1961

Hazeltine Corporation,
Little Neck 62, New York.

Attention: Mr. E. A. Ruestow.

Dear Ed:

In our meeting of October 18 you supplied me with a list identifying the patents of Hazeltine which you thought might be employed in the color television receivers manufactured by Zenith. The patents so identified are as follows:

Patent No.	Inventor
2,547,648	Loughren
2,728,813	Loughlin
2,773,929	Loughlin
2,774,072	Loughlin
2,848,537	Richman
2,905,749	Loughlin
2,922,839	Richman
2,933,558	Richman
2,954,425	Richman

At the same time you supplied me with a copy of what I understand to be your standard form of license agreement bearing the numeral 918 on its frontispiece.

You will appreciate that it will take considerable effort on my part to examine these patents and their relation to the Zenith color television receiver and the purpose of this note is to suggest an assignment you might undertake concurrently.

If the results of my study confirm that one or more of these patents is employed in the Zenith apparatus, it will be necessary to determine the best course of procedure

and it will be helpful to me in that determination to know whether or not there is any course available other than that offered by the standard license agreement identified above. In particular, can you advise me of the terms upon which individual licenses may be obtained under any of the identified patents.

Perhaps it will be expedient to have you visit in the near future and answer questions that may occur to me in the study of these patents. I suspect that questions will arise and I will suggest as early a meeting date as convenient to both of us.

Very truly yours,
F. W. Crotty,
Vice President In Charge of Patents.

/jal

DEFENDANT'S EXHIBIT NO. 11.

November 21, 1961

Hazeltine Corporation,
Little Neck 62, New York.

Attention: Mr. E. A. Ruestow.

Dear Ed:

There is really no need to remind you of the action, presently pending in the District Court for the Northern District of Illinois, instituted by you folks and charging infringement of a Hazeltine patent by monochrome receivers of our manufacture. The attitude expressed by the Court at the last status call indicates a need to complete discovery proceedings pronto.

At your suggestion, we have been working diligently in studying the list of some 9 Hazeltine patents which you

have asserted to have application to the Zenith color receiver. The evaluation of these patents in relation to the prior art and to the circuitry of our color receiver has taken quite some time and I have asked in my letters of October 25 and November 1 if you would make known to me the basis upon which licenses may be obtained under each of those patents called to my attention.

I, of course, am fully aware of the Hazeltine standard license agreement and understand that a license is available through that instrument under, not only these selected patents, but also all of the patents subject to licensing, by Hazeltine. Since we obviously have no need for a license under all of the patents of your portfolio, I am most desirous of learning the terms upon which individual licenses may be obtained under any of those identified patents. This information is required in order to prepare for a further meeting with you on this whole question and I would like a letter of advice at your earliest convenience.

As I have indicated, the desire on the part of the Court to move its docket along leaves me with no alternative but to press for this information and, failing to receive it, pursue further discovery on our defenses in the litigation in the near future.

Very truly yours,

F. W. Crotty,
Vice President In Charge of Patents.

/jal

bcc: Mr. P. J. Curtis,
McConnell, Paschen & Curtis

DEFENDANT'S EXHIBIT NO. 12.

(Note: This is a tentative draft for purposes of negotiation and is not to be construed as an offer to Licensee until otherwise agreed by Licensor.)

(Hand written in margin:) The yearly max is $500,000 but RCA's max is between $150,000 and $200,000. Percentagewise this is 3.68% with 500,000 max but current license is 1.35% scaling down by ½ and then another ½.

License Agreement.

This License Agreement dated as of between Hazeltine Research, Inc., of Chicago, Illinois, a corporation of Illinois (hereinafter called Licensor), and ..... of ....., a .....

(Hand written in margin:) Rec'd from EAR at Little Neck on 4/11/62 JM 4/16/62.

Witnesseth That

Whereas, Licensor represents that it owns or has the right to grant licenses under the United States patents enumerated in Schedules A and B appended hereto and under the United States patents to issue on the patent applications, if any enumerated in said Schedules A and B; and

Whereas, Schedule A is an attempt to compile all of Licensor's patents or applications pertaining to inventions presently thought to be in general use in commercial television receivers, and Schedule B is an attempt to compile all of Licensor's patents or applications pertaining to inventions thought to be potentially useful in commercial television receivers; and

Whereas, Licensor maintains laboratories with a staff of engineers, research men, and inventors, competent to

render consulting and engineering services in the field of television receivers, and expects to file future patent applications and to obtain future United States patents important in the field of television receivers; and

Whereas, Licensee desires a license under certain of such patents, issued and to be issued on said applications, which it may elect as hereinafter provided;

Now, Therefore, in view of the premises and in consideration of the licenses herein granted and agreed to be granted, the mutual covenants and agreements herein contained, and any releases executed concurrently herewith, it is agreed as follows:

Article I.

Definitions.

For the purposes of this License Agreement the following definitions shall apply:

Section 1. The word "patent" will be deemed to refer either to a United States patent which is already issued or to a United States patent which may issue on an application for United States patent.

Section 2. A "complete television receiver" means a complete television apparatus fully equipped with tubes, in the condition in which it is to be sold to the ultimate purchaser for use and fully operative (except for any antenna not particularly designed and sold by Licensee to function with such receiver and except for a primary source of power, such as batteries or house wiring) for receiving television signals and for converting them into television pictures.

Section 3. A "chassis of a television receiver" means a complete television receiver in accordance with Section 1, less the cabinet or housing and which may also be less the tubes, equivalent semiconductor devices, or speaker.

Article II.

Licenses.

Section 1. Licensee at the signing of this Agreement has the right to make any of the following elections of patents to be within the scope of Section 3 of this Article II:

(Hand written in margin:) Why can't this be a yearly choice?

First Election: Any one or more of the patents of Schedule A.

Second Election: All of the patents of Schedule A.

Third Election: All of the patents of both Schedules A and B, and all future United States patents in the field of television receivers owned or controlled by Licensor.

If Licensee makes the Third Election as provided in the preceding paragraph, Licensee shall be entitled, without further compensation to Licensor, to such consultation and engineering services of Licensor's laboratories as Licensee may request; but Licensor will be obligated to render such consultation and engineering services only to the extent that they may be performed within Licensor's laboratories and within the capacity of its then-current staff and facilities, and only to the extent that in any one year the cost thereof plus 50% mark-up does not exceed 10% of the aggregate annual royalties paid by Licensee.

Section 2. Licensee hereby makes the _____ Election of the preceding Section 1. If the First Election has been made, the following patents of Schedule A are hereby elected by Licensee:

Section 3. Licensor hereby grants and agrees to grant under all United States patents elected in accordance with the preceding Sections 1 and 2, and upon the terms and

conditions hereinafter set forth and solely and only to the extent hereinafter specified and defined, a personal, indivisible, nontransferable and nonexclusive license to Licensee to manufacture at its factories complete television receivers and chassis of television receivers and to sell complete television receivers and chassis as a whole to others.

In the event any receiver or chassis specified in the foregoing is sold without, or shipped separately from, any one or more of its normal tube complements, such apparatus shall nonetheless be licensed and royalties shall be computed and paid thereon under the provisions of Article III hereof on the same basis as though such apparatus were sold and shipped with its normal tube complement.

Section 4. Nothing herein contained, and no act or acts hereunder, shall be construed as, or result in, conveying any licenses to Licensee, expressly or by implication, estoppel or otherwise:

(a) Under any patents other than those elected in accordance with the preceding Sections 1 and 2;

(b) Under any Letters Patent which or rights under which are held by Licensor under an agreement such that Licensor can grant licenses only upon the payment of royalties or other consideration by Licensor to others; provided however, that Licensor will from time to time keep Licensee informed of all such agreements and that Licensee may at any time obtain rights under such agreements corresponding to the licenses herein granted, so far as such agreements permit, on engaging to pay Licensor any amounts which Licensor has to pay under such agreements because of Licensee's exercise of such rights;

(c) Under any patents of countries foreign to the United States;

(d) To manufacture or sell apparatus otherwise than in accordance with the express provisions of this License Agreement.

Article III.

Royalties.

Section 1. Licensee agrees to pay to Licensor upon each licensed receiver or chassis sold by Licensee royalties as follows:

(a) If Licensee shall have made the First Election in accordance with Article II, Sections 1 and 2, Licensee will pay, as a royalty for each of the patents in Schedule A which Licensee shall have elected in accordance with Article II, Section 2, the percentage of the net selling price of each licensed receiver or chassis indicated in Schedule A for each patent so elected;

(Hand written in margin:) Ridiculous—requires payment for monochrome if only color pats. are chosen! Royalty obligation attaches if patents are used or not.

(b) If Licensee shall have made the Second Election in accordance with Article II, Sections 1 and 2, Licensee will pay, as a royalty, a percentage of the net selling price of each licensed receiver or chassis which is 90% of the aggregate of the percentages indicated for all patents in Schedule A; and the maxima indicated by Schedule A shall be reduced by 10%;

(Hand written in margin:) 10% discount if all are taken.

(c) If Licensee shall have made the Third Election in accordance with Article II, Sections 1 and 2, Licensee will pay, as a royalty, a percentage of the net selling price of each licensed receiver or chassis which

is 115% of the aggregate of the percentages indicated for all patents in Schedule A, and the maxima indicated by Schedule A shall be increased by 15%.

(Hand written in margin:) 15% added cost to get the entire Haz. portfolio!

Section 2. Royalties shall be payable by Licensee hereunder with respect to licensed apparatus purchased from others in all respects as though such apparatus had been manufactured by Licensee itself under this Agreement. Sales of licensed apparatus by Licensee to any other licensee of Licensor who is obligated to pay royalties to Licensor in respect thereof shall be reported by Licensee to Licensor as provided in Article IV, Section 2 hereof, but shall not be subject to the payment of royalties by Licensee.

(Hand written in margin:) Not here for RCA selling color chassis to the industry.

Section 3. Net selling price on which royalty is computed is the net selling price before any deduction for cash discounts, or for any freight, advertising or other allowances but after deduction of the following:

(Handwritten in paragraph:) Setchell Carlson gets this.

(a) manufacturers excise taxes actually paid by Licensee directly to the taxing authority;

(b) an amount equal to Licensee's manufacturing cost or purchase price, plus a fifty percent (50%) mark-up, of any portions of a complete apparatus in the condition in which it is to be sold to the ultimate purchaser for use which are functionally not a part of a complete television receiver, such as cabinets, electric clocks, electric phonograph apparatus, automatic record changing apparatus, radio receivers distinct from the television sound apparatus, etc.

(Handwritten in margin:) tape recorder?

In the case of chassis of television receivers there shall be included in the net selling price an amount equal to Licensee's cost or purchase price, plus a fifty percent (50%) mark-up, of any equipment such as tubes, or equivalent semiconductor devices, speaker, and other equipment necessary to make the chassis a complete television receiver.

The term "manufacturing cost" as used herein shall be determined in accordance with the latest edition at the time of "Uniform Accounting Manual—Electrical Manufacturing Industry" issued by the Electronics Industries Association.

Section 4. Renegotiation of Royalty Percentages.

Licensor and Licensee recognize that the royalty percentages indicated by Schedule A are based on a present knowledge of the fair value of the corresponding patents as of the date of this Agreement and that the inclusion of patents in Schedule B reflects only present knowledge of their potential value. Therefore, it is agreed that on written notice from either party at any time after two years from the date of this Agreement, the parties will renegotiate to determine whether a different percentage royalty should be assigned to any patent of Schedule A specified in such notice to bring such percentage into line with the then-current fair value of the corresponding patent; and whether any patent in Schedule B specified in such notice or any future patent of Licensor should be transferred to Schedule A and assigned a percentage individual to it which reflects its then-current fair value. In the event of disagreement as to such percentage, the disagreement will be submitted to arbitration in accordance with Article V hereof.

(Handwritten in margin:) Whose? Why do we want this? Get fair price at first plus favored national clause.

Section 5. Notwithstanding the foregoing, no royalties exceeding the annual maximum indicated for each individ-

tal patent in Schedule A shall be payable for such individual patent so long as any other licensee of the Licensor in the field of television receivers and chassis shall have the benefit of any provision establishing an annual maximum royalty under all of Licensor's patents lower than the aggregate of the maxima indicated by Schedule A.

(Handwritten in margin:) Totally unacceptable! Get usual favored national clause.

Section 6. In order to insure to Licensor the full royalty payments contemplated under Section 1 of this Article, namely, royalty on selling prices to purchasers wholly independent of Licensee, it is agreed that, in the event that any apparatus is sold hereunder:

(1) To a corporation, firm or association which, or individual who, shall own or control directly or indirectly a controlling interest in Licensee by stock ownership or otherwise; or

(2) To a corporation, firm or association in which Licensee or stockholders of Licensee, or any subsidiary or parent or affiliated company of Licensee shall own or control directly or indirectly a controlling interest by stock ownership or otherwise; or

(3) To a corporation, firm or association to which, or individual to whom, Licensee sells exclusively or which or who purchases exclusively from Licensee apparatus of the type licensed, either as a matter of general practice or under the provisions of any sales agreement, arrangement, or understanding between the parties; or

(4) To a corporation, firm or association with which, or individual with whom, Licensee or its stockholders or subsidiary or parent or affiliated companies shall have any agreement, understanding or arrangement (such as, among other things, an option to pur-

chase stock or involving a division of profits or special rebates or allowances) without which agreement, understanding or arrangement, prices paid by such corporation, firm or association or individual for the apparatus sold hereunder would be higher than the price actually paid, or if such agreement, understanding or arrangement results in extending to such corporation, firm, association or individual lower prices for the apparatus sold hereunder than those charged to outside concerns buying similar merchandise from Licensee in similar amounts and under similar conditions;

then, and in any of such events, the royalties to be paid hereunder in respect of such apparatus shall be upon the net selling price, before cash discount, freight or advertising allowance or other similar deductions, at which such purchaser resells such apparatus to a purchaser wholly independent of itself and of Licensee, instead of upon the net selling price of Licensee; provided however, that Licensee shall not be obligated under this section to pay royalty upon selling prices of apparatus in excess of the standard price at which Licensee sells such apparatus to any wholly independent jobber or distributor.

Section 7. For royalty purposes under this Agreement, apparatus shall be considered to be sold when billed out, or if not billed out then when delivered, shipped or mailed. If as a result of a price reduction established by Licensee or a return to Licensee of licensed apparatus previously sold by it, Licensee shall refund or credit to a customer part or all of the selling price of such licensed apparatus, Licensee shall be entitled to a credit against royalties payable hereunder equal to the royalties on that part of the selling price so refunded or credited.

Section 8. In case the royalties accrued and paid by Licensee hereunder do not aggregate a minimum of Five

Thousand Dollars ($5,000) for any fiscal license year during the life of this Agreement, Licensee agrees within thirty (30) days of the end of each such year to make up the deficiency of the actual royalties paid to such minimum sum.

(Handwritten in margin:) Why pick up this old bone.

Article IV.

Reports and Payments.

Section 1. Licensee agrees that it will keep records showing the production and the sales of all apparatus upon which royalties are payable under Article III of this Agreement in sufficient detail to enable the royalties payable hereunder to Licensor to be determined, and generally to allow such investigation of all its operations hereunder and in connection herewith as may be necessary to determine Licensee's compliance with this Agreement and the accuracy of said records and the statements to be furnished hereunder. Licensee further agrees to permit Licensor's duly authorized representative, or at the option of Licensee a reputable certified public accountant designated by Licensor, to inspect such records at all reasonable times.

Section 2. On or before the last day of each month, and as of the last day of the preceding month, Licensee agrees to furnish Licensor with written statements over the signature of some officer of Licensee, in the form appended hereto and marked Exhibit 1.

(Handwritten in margin:) Not monthly reports—quarterly.

The first of such statements shall be rendered not later than the last day of the month next following the month including the date of this License Agreement and shall cover the period from the date of this License Agreement

to the end of the same month. The royalty prescribed herein shall be due and payable on the last day of each month upon all such apparatus sold by Licensee during the preceding month, or, in the case of the first statement, the period covered thereby.

If in any such period no apparatus has been sold on which royalty is payable under Article III, Section 1, a statement over the signature of some officer of Licensee to such effect shall be furnished to Licensor.

Section 3. Licensee agrees to pay interest to Licensor upon any and all amounts of royalties that are at any time overdue and payable to Licensor at the rate of six percent (6%) per annum from the date when such royalties are due and payable as provided herein.

(Handwritten in margin:) No!

Section 4. Licensor agrees not to disclose to a competitor of Licensee any confidential information relating to Licensee's business obtained by the Licensor under this Agreement, except when combined statistically with corresponding information of other licensees in such manner as to conceal said information, and except as it may be necessary to disclose the information in or in connection with any arbitration or litigation.

(Handwritten in margin:) No because these can be brought by any one.

Article V.

Arbitration.

If appropriate demand is made by either party in writing, with respect to any controversy or claim arising out of or relating to this Agreement, such controversy or claim shall be settled by arbitration in accordance with the rules of the American Arbitration Association and judgment upon the award rendered by the arbitrators may be entered in any court having jurisdiction.

(Handwritten in margin:) No! We're not to bind ourselves to arbitration!

Article VI.

Trade Mark and Patent Markings.

Section 1. Licensee agrees to use its best efforts to mark on all receivers or chassis sold by it under this license the word "_____", or such other trade mark, trade name or brand name as Licensee shall from time to time specify in writing to Licensor. Such trade mark or trade or brand name shall be etched, stamped, or in some other permanent form affixed on every such receiver or chassis and, at election of Licensor, apparatus not bearing said word, name or trade mark is not licensed.

(Hand written in margain:) Why this?

Section 2. Licensee agrees to comply with all requests of Licensor relative to patent marking reasonably required in order to comply with the constructive notice provisions of Patent Statutes (U. S. Code, Title 35, Sec. 287). Until further notice, Licensee agrees to mark all licensed receivers or chassis manufactured and sold by it hereunder, in readily legible form, with the statement:

"This apparatus is licensed under (the) certain United States patent rights of Hazeltine Research, Inc."

The markings required by this section shall be affixed to said licensed receivers or chassis by attaching plates bearing the required markings or by affixing said marking on said receivers or chassis in some other form equally permanent and, at election of Licensor, receivers or chassis not bearing such markings are not licensed.

(Hand written in margain:) No plates.

Section 3. Upon request of Licensor, Licensee agrees to supply to Licensor data sufficient to enable the parties to comply with preceding Section 2 of this Article VI.

Article VII.

Waiver.

No waiver by Licensor, express or implied, of any breach of any term, condition or obligation of this Agreement by Licensee shall be construed as a waiver of any subsequent breach of that term, condition or obligation, or any other term, condition or obligation of the Agreement of the same or different nature.

Article VIII.

Litigation.

Licensor agrees that it will bring and diligently prosecute such suits for infringement of the various patents under which licenses are herein granted as may in its judgment be reasonably necessary and prudent for enforcing those patents and preventing unlicensed competition in patented apparatus in the field of this license.

Article IX.

Notices.

Any notice hereunder must be in writing and may be given by registered or certified letter and shall be deemed to have been given when such registered or certified letter, properly addressed, is mailed; if given otherwise than by registered or certified letter, it shall be deemed to have been given when delivered. If such notice is to be given to Licensor it shall be addressed to Licensor at its office, 5445 West Diversey Avenue, Chicago 39, Illinois; if given to Licensee it shall be addressed to Licensee at.....

.....

.....

Either party hereto may at any time by thirty (30) days' notice to the other designate any other address in place of those above given.

Article X.

Term and Termination.

Section 1. Unless sooner terminatd as herein provided, the license herein granted shall extend for a period of five (5) years from the effective date hereof.

Section 2. Licensor may, at its option, terminate this Agreement, (a) on the failure of Licensee to render statements, to pay royalties or to make any other payments due under this Agreement or on Licensee's failure to comply with any other provision of this Agreement and on its failure to correct such default within ten (10) days after its attention has been called thereto; and (b) at any time upon or during the bankruptcy, receivership or insolvency of Licensee or the appointment of a receiver or trustee for its property, or upon or after an assignment for the benefit of creditors, or upon the filing of a petition, either voluntary or involuntary, for financial reorganization of Licensee

or other adjustment of its indebtedness. Any such termination by Licensor shall be by notice in writing to Licensee, stating the reason for the termination and shall take effect ten (10) days after such notice is given.

(Hand written in margin:) Why not right of cancellation—in whole or part—in favor of licensee?

Section 3. In the event of any default of Licensee identified in Section 2, subsection (a) of this Article, whether or not Licensor has terminated this Agreement in accordance with the provisions of said section, there shall thereupon become payable by Licensee the minimum royalty of Five Thousand Dollars ($5,000) specified in Article III, Section 8, for each calendar year during any portion of which Licensee shall be in default or for the prorated portion of any such calendar year including the date of commencement of this Agreement or the date of termination under the provisions of Section 1 of this Article, in case such date of commencement or termination shall be other than at the beginning or end, respectively, of a calendar year.

Section 4. All licenses shall cease on the date of termination. Apparatus manufactured during the life of the Agreement and on which royalty has been paid within thirty (30) days after the termination shall be licensed to be sold or leased in accordance with the terms and conditions hereof. Within thirty (30) days after the termination Licensee shall report and pay royalties as above provided.

Section 5. No termination of this License Agreement for any cause shall release Licensee from any of the liabilities accruing to Licensor or rescind anything done or any payment or other consideration made or given to either party hereunder prior to the time such termination becomes effective. No failure on the part of Licensor to

exercise any right of termination hereunder shall be construed to prejudice any subsequent right of termination.

Article XI.

Validity.

Licensee, during the te m of this Agreement, admits the validity of, and agrees that it will not voluntarily and knowingly either directly or indirectly aid or abet any attack upon the validity of, the claims of any patent under which the license herein granted shall be in force.

(Hand written in margin:) Why this?

Article XII.

Complete Agreement.

This document, together with any supplements or modifications thereof signed by the parties, comprises the complete Agreement; neither Licensor nor Licensee has made any representations or warranties other than those set forth in this Agreement and such supplements or modifications, if any.

Article XIII.

Successors and Assigns.

This Agreement shall inure to the benefit of the successors or assigns of Licensor, but neither this Agreement nor any of its benefits, nor the licenses, rights or privileges herein granted shall be directly or indirectly, by operation of law or otherwise, assigned, transferred, divided or shared by Licensee with any person, firm or corporation whatsoever, except successors or assigns to substantially the entire business of Licensee in apparatus of the type licensed, without the prior written consent of Licensor.

Article XIV.

This Agreement is to be governed by and interpreted in accordance with the laws of the State of Illinois.

In Witness Whereof, the parties hereto have caused this instrument to be duly executed in duplicate.

Hazeltine Research, Inc.,
By .....
President.

(Corporate Seal)
Attest:
.....
Secretary.

(For Corporate Execution.)

.....
By .....
(Title)

(Corporate Seal)
Attest:
.....
(Title)

(For Individual Execution.)

.....L.S.
(Title)
.....L.S.
(Title)

Witness:
.....

State of
County of } ss:

On this day of 19 , before me personally came , to me known, and who being by me duly sworn, did depose and say: that he is the of Hazeltine Research, Inc., one of the corporations described in and which executed the above instrument, and that he knows the seal of said corporation and the seal affixed to said instrument is said corporate seal, and that it was so affixed by authority of the Board of Directors of the said corporation, and that he signed his name thereto by like authority.

.....

Notary Public.

(For Corporate Acknowledgment)

State of
County of } ss:

On this day of 19 , before me personally came , to me known, and who being by me duly sworn, did depose and say: that he is the of one of the corporations described in and which executed the above instrument, and that he knows the seal of said corporation, and the seal affixed to said instrument is said corporate seal, and that it was so affixed to said instrument by authority of the Board of Directors of the said corporation, and that he signed his name thereto by like authority.

.....

Notary Public.

(For Individual Acknowledgment)

State of
County of } ss:

On this day of 19 , before me personally came , to me known, and known to me to be the person of such name who signed and sealed the foregoing instrument and who acknowledged the same to be free act and deed.

.....

Notary Public.

Schedule A.

Patent No.	Issued	Royalty (Percent)	Annual Maximum for Article III, Section 5
2,547,648	Apr. 3, 1951	.50	$ 50,000
2,728,813	Dec. 27, 1955	.25	35,000
2,773,929	Dec. 11, 1956	.50	75,000
2,774,072	Dec. 11, 1956	.50	75,000
2,848,537	Aug. 19, 1958	.10	15,000
2,905,749	Sept. 22, 1959	.50	75,000
2,922,839	Jan. 26, 1960	.10	10,000
2,933,558	Apr. 19, 1960	.25	25,000
2,954,425	Sept. 27, 1960	.50	75,000
		320	435,000
		.15	.15
		160	21750
		32	4350
		.480	65,250
		3.2	
		3.68	

DEFENDANT'S EXHIBIT NO. 13.

April 16, 1962

Hazeltine Corporation,
58-25 Little Neck Parkway,
Little Neck, Long Island,
New York.

Attention: Mr. Ed Ruestow

Dear Ed:

During my visit to Hazeltine last week, you gave me the draft of a license agreement pursuant to a previous meeting involving yourself and Mr. LaFollette.

The draft has been studied but I find it totally unacceptable, so much so that I do not think it can even serve as the basis of negotiation. In my judgment this draft does not reflect any significant change in the licensing practices of Hazeltine which we believe to be illegal and which we have attacked as illegal in the pending litigation.

Very truly yours,
Francis W. Crotty,
Vice President In
Charge of Patents.

/jal

DEFENDANT'S EXHIBIT NO. 14.

May 17, 1962.

Mr. Edward A. Ruestow,
Hazeltine Corporation,
Little Neck 62, New York.

Dear Ed:

Your letter of April 27 states you have explained that Hazeltine would license Zenith individually under patents which we select and under no circumstances would conditions be imposed forcing Zenith in any way to take licenses under any other patents but my experiences to date with both yourself and Dodds fail to bear this out.

You have supplied a list of nine patents which you say are used in our color receiver and you have suggested that licenses could be obtained under any or all of them but the terms of this sort of license have certainly not been made known to me. I am mindful of a document prepared by you in the form of a license draft but it bears on its face a statement that it is not to be constructed as an offer to license.

Moreover that instrument, whatever its intent and purpose may be, includes royalty rates that are so extreme in comparison with the Hazeltine standard license and other established royalty rates in the industry as to be totally unacceptable. I advised you of that conclusion some time ago.

In a 'phone conversation subsequent to your last letter you stated that it was your intention further to study the terms under which licenses may be acquired in respect of the nine patents that you say we use. I am not in agreement that a license under all of these patents is necessary

nor am I aware of any other patents of Hazeltine that are of interest.

As matters now stand, I await your further advice.

Very truly yours,

Francis W. Crotty,
Vice President In Charge of Patents.

/jal

DEFENDANT'S EXHIBIT NO. 15.

HAZELTINE RESEARCH, INC.
8225 WEST DIVERSEY AVENUE
CHICAGO 39, ILLINOIS
NATIONAL 2-1522

RECEIVED
MAR 25 1963
Zenith Patent Department

March 20, 1963

Hazeltine Research, Inc.
vs. Zenith Radio Corporation
Defendant's Exh. No. 15
C.A. No. 59-C-1847

3/25/63

Zenith Radio Corporation
6001 Dickens Avenue
Chicago 39, Illinois

Attention: Mr. F.W. Crotty, Vice President

Gentlemen:

Enclosed is the new Schedule of Hazeltine Research, Inc.'s rates for licenses under its patents and patent applications for use in television receivers. Copies of this Schedule are being sent to all licensees and those who may be infringing one or more of such unlicensed patents or utilizing pending applications.

This Schedule is the result of many months of exhaustive review of our patent position, the state of the art and the industry, and study of applicable laws. We are confident that it is fair and reasonable, and both lawful and non-discriminatory.

We would appreciate your arranging a conference with us to the end that you may make your elections pursuant to such Schedule and enter into a license agreement under any unlicensed such patents or under such patent applications which you may be using or planning to use, and if you desire to negotiate to amend any existing licenses to take advantage of such Schedule.

May we hear from you at an early date.

Sincerely,

HAZELTINE RESEARCH, INC.

By Ed Ruestow
Executive Vice President

HAZELTINE RESEARCH, INC.
5445 WEST DIVERSEY AVENUE
CHICAGO 39, ILLINOIS
NATIONAL 2-1282

RECEIVED
MAR 25 1963
Zenith Patent Department

SCHEDULES OF LICENSE TERMS FOR TELEVISION RECEIVERS

The following schedules of rates are hereby established to January 1, 1968 for licenses of U.S. domestic patents and patent applications on which Hazeltine Research, Inc. has the right to grant non-exclusive licenses for the sale of television receivers in the U.S. The base to which the stated percentages apply, and all other terms used herein, are as defined in Hazeltine Research, Inc.'s new standard license agreement now being prepared. The Licensor-Licensee relationship will be established only by the execution of that standard agreement. Where a licensee elects to take a license on one or more said patents or patent applications, but less than all the patents and patent applications as to which Hazeltine Research, Inc. has the right to grant non-exclusive licenses, then said rates are subject to reservation by the licensor of its right to enforce against infringement any of Hazeltine Research, Inc.'s patents and patent applications under which licensee has elected not to be licensed by Hazeltine Research, Inc.

(I). Color-Television Receivers

(A). Specified patents for use in color-television receivers.

		Percentage Rate	
(1).	2,774,072 - Loughlin	.90	.5
(2).	2,773,929 - Loughlin	.30	.5
(3).	2,954,425 - Richman	.25	.5
(4).	2,905,749 - Loughlin	.10	.5
(5).	2,728,813 - Loughlin	.10	.25
(6).	2,547,648 - Loughren	.05	.5
(7).	2,933,558 - Richman	.05	.25
(8).	2,848,537 - Richman	.05	.10
(9).	2,922,839 - Richman	.05	.10
(10).	Application Serial No. 359,734 - Richman	.05	.10

(B). Any one or more of patents or patent applications for use in color-television receivers, as to which Hazeltine Research, Inc. had the right to grant non-exclusive licenses on January 1, 1963 which are not specified in (A) above - at the rate of .05% each, or all such unspecified patents or patent applications for .25%.

HAZELTINE RESEARCH, INC.

(II). Monochrome Television Receivers

(A). Specified patents for use in monochrome television receivers.

		Percentage Rate
(a).	2,547,648 - Loughren	.40 vs .05 for color
(b).	2,933,558 - Richman	.35 ditto

(B). Any one or more patents and patent applications for use in monochrome television receivers, as to which Hazeltine Research, Inc. had the right on January 1, 1963 to grant non-exclusive licenses which are not specified in (II), (A) above - at the rate of .025% each, or all such unspecified patents or patent applications for .125%.

(III). Various combinations into groups, of which licensees may elect any one or more as shown in (A), (B), (C), (D) and (E) below, are offered due to the fact that, as the licensee broadens his freedom of design by being licensed under more patents, the effort and expense to the licensor decreases for monitoring, administering, and protecting all licensees from discrimination, and hence the benefit thereof may be passed on to any such licensees in estimated ratio to the extent of increased license coverage, provided this is balanced, by reasonable over-all annual group dollar minima and maxima as follows:

(A). For all patents and applications specified in (I), (A) above, a group rate of 1.65%, with an annual dollar group minimum of $100,000 and maximum of $275,000. vs 1.9% aggregate and no min. or max.

(B). For all patents and applications covered by (I), (A) and (B) above, a group rate of 1.7%, with an annual dollar group minimum of $125,000 and maximum of $300,000. vs 2.15% aggregate and no min or max

(C). For all patents and patent applications for use in color-television receivers referred to in (I) and all such patents and patent applications which Hazeltine Research, Inc. may acquire the right to issue non-exclusive licenses during the period of the license agreement after January 1, 1963, a group rate of 1.75%, with an annual dollar group minimum of $135,000 and maximum of $310,000.

(D). For all patents referred to in (II) above a group rate of .75%, with an annual dollar group minimum of $40,000 and maximum of $75,000. vs .75% and no min or max. 2 max for 2 pats under old kind of lic form.

(E). For all patents referred to in (II) and all patents and patent applications for use in monochrome television receivers which Hazeltine Research, Inc. may acquire the right to issue non-exclusive licenses during the period of the license agreement after January 1, 1963, a group rate of .8%, with an annual dollar group minimum of $45,000 and maximum of $80,000.

HAZELTINE RESEARCH, INC.

(IV). In order to avoid any possible discrimination as between licensees due to rates under licenses already in effect on January 1, 1963, and for periods thereafter, all the rates provided in (I), (II) and (III) shall be subject to the following:

(A). Until June 30, 1966 all licenses covering both patents and patent applications for use in both color and monochrome television receivers shall be subject to an over-all maximum of $200,000.

(B). Until February 1, 1965, all licenses covering patents and patent applications for use only in monochrome television receivers shall be subject to over-all maximums as follows:

(1).	2,547,648 rate .40%	Dollar maximum per annum $25,000
(2).	2,933,558 rate .35%	Dollar maximum per annum $15,000
(3).	All monochrome patents owned on January 1, 1963 rate 1.0%	Dollar maximum per annum $50,000

(V). Any rates hereafter established to be effective after January 1, 1968 shall not be discriminatory as to substantially the same patents and patent rights and the same group thereof as applied to television manufacturers.

DEFENDANT'S EXHIBIT NO. 16.

(Stamp) Received May 28, 1963, Zenith Patent Department.

Hazeltine Research, Inc.
5445 West Diversey Avenue,
Chicago 39, Illinois,
National 2-1582.

May 20, 1963.

Zenith Radio Corporation,
6001 Dickens Avenue,
Chicago 39, Illinois.

Attention of Mr. E. W. Crotty, Vice President.

Gentlemen:

The Schedules of License Terms for Television Receivers as heretofore furnished to you with our letter of March 20, 1963 are hereby supplemented by adding a new paragraph (VI) to said Schedules as per the enclosed copy thereof.

The purpose of this new paragraph and the manner in which it works is believed to be self-explanatory, but the following examples may be illustrative:

(a). Any patent referred to in paragraphs I(A) and (B) of said Schedules having a rate of .05% has an annual maximum of $50,000 if elected alone, but where elected along with any one or more of said other patents then the total annual maximum is determined by adding the total of the percentage rates for such elected patents and finding in the table of paragraph (VI)(A) the maximum provided for the sum of the rates for the patents so elected.

(b). An election to take all such patents at the individual specified rates would produce a total annual dollar maximum therefor of $305,000. The difference between such an election from an election to take the group rate under paragraph (III)(B) of said Schedule is that, while under said (III)(B) the maximum would be $5,000 less, it would have a minimum of $125,000 per year, while the election of all said patents under the table provided in the new (VI) would not have any minimum but would have a $5,000 a year higher maximum.

(c). The table provides for all possible combinations of said patents which might be elected, with a reasonable dollar maximum for any such combination.

The purpose of this modification is, of course, not only to provide complete flexibility as to such elections, but also permit any Licensee complete freedom in his selection of patents as he deems needed without finding it necessary to take a larger number in order to obtain a reasonable annual dollar maximum.

We would appreciate hearing from you at an early date on said Schedules as hereby modified.

Very truly yours,

Hazeltine Research, Inc.,
By E. A. Ruestow,
Executive Vice President.

(VI) In order to afford any licensee complete freedom in his selection of patents as he deems needed without finding it necessary to take a larger number in order to obtain a reasonable dollar maximum, the following is provided:

(A) In the event of the election by licensee of one or more of the patents covered in paragraphs (I)(A) and (B) above, an annual dollar maximum for the patent or patents so elected by licensee shall be applicable. Said

annual dollar maximum royalty shall be the amount indicated in the Table below corresponding to the "Sum of Percentage Rates" for said individual patent or patents so elected.

Said Table is as follows:

Sum of Percentage Rates for Individual Patents Elected	Applicable Annual Maximum	Sum of Percentage Rates for Individual Patents Elected	Applicable Annual Maximum
0.05	$ 50,000	1.10	$220,000
0.10	67,000	1.15	225,000
0.15	82,000	1.20	229,000
0.20	94,000	1.25	233,000
0.25	105,000	1.30	237,000
0.30	115,000	1.35	241,000
0.35	125,000	1.40	245,000
0.40	133,000	1.45	249,000
0.45	142,000	1.50	253,000
0.50	150,000	1.55	257,000
0.55	157,000	1.60	261,000
0.60	164,000	1.65	265,000
0.65	170,000	1.70	269,000
0.70	176,000	1.75	273,000
0.75	182,000	1.80	277,000
0.80	188,000	1.85	281,000
0.85	194,000	1.90	285,000
0.90	200,000	1.95	289,000
0.95	205,000	2.00	293,000
1.00	210,000	2.05	297,000
1.05	215,000	2.10	301,000
		2.15	305,000

(B) In the event of the election by licensee of one or more of the patents listed in paragraphs (II)(A) and (B) above, an annual dollar maximum for the patent or patents so elected by licensee shall be applicable. Said annual dollar maximum royalty shall be the amount indicated in

the Table below corresponding to the "Sum of Percentage Rates" for said individual patent or patents so elected.

Sum of Percentage Rates for Individual Patents Elected	Applicable Annual Maximum	Sum of Percentage Rates for Individual Patents Elected	Applicable Annual Maximum
.025	$13,200	.450	$55,900
.050	18,600	.475	57,400
.075	22,800	.500	58,900
.100	26,400	.525	60,400
.125	29,500	.750	72,000
.350	48,400	.775	73,200
.375	51,100	.800	74,400
.400	52,800	.825	75,600
.425	54,400	.850	76,800
		.875	78,000

DEFENDANT'S EXHIBIT NO. 17.

Hazeltine Research, Inc.
5445 West Diversey Avenue
Chicago 39, Illinois
National 2-1582

May 29, 1963

Zenith Radio Corporation
6001 Dickens Avenue
Chicago 39, Illinois

Attention of Mr. F. W. Crotty, Vice President

Gentlemen:

With reference to the Schedules of license terms for television receivers furnished to you with our letter of March 20, 1963 and the supplement thereto furnished to you with our letter of May 20, 1963, enclosed herewith is a copy of the new standard License Agreement referred to therein.

We shall be pleased to discuss the matter with you further at your early convenience when you have had an opportunity to study the License Agreement.

Very truly yours,
Hazeltine Research, Inc.,
By E. A. Ruestow,
Executive Vice President.

(Stamp) Received June 4, 1963 Zenith Patent Department.

DEFENDANT'S EXHIBIT NO. 18.

License Agreement

Between

Hazeltine Research, Inc.

and

Form A

License Agreement.

This License Agreement dated as of ....., ..., between Hazeltine Research, Inc., of Chicago, Illinois, a corporation of Illinois (hereinafter called Licensor), and ....., of ....., a ..... (hereinafter called Licensee):

Witnesseth That

Whereas, Licensor represents that it owns or has the right to grant licenses under the United States patents enumerated in Schedule A appended hereto and under the United States patents to issue on the patent applications enumerated in said Schedule A; and

Whereas, Licensor maintains laboratories with a staff of engineers, research men, and inventors, skilled in the art of television receivers, and expects to file future patent applications and to obtain future United States patents important in the art of television receivers; and

Whereas, Licensee has heretofore received a copy of Schedule B of license terms appended hereto and engaged in negotiations with Licensor with respect thereto and

selected the hereinafter identified patents and applications under which Licensee desires to be licensed; and

Whereas, Schedule B distinguishes, in accordance with Licensor's considered judgment, specifically identified patents or applications of Licensor pertaining to inventions presently thought to be in general use in commercial television receivers, and patents or applications of Licensor not specifically identified pertaining to inventions thought to be potentially useful in commercial television receivers;

Now, Therefore, in view of the premises and in consideration of the licenses herein granted and agreed to be granted, the mutual covenants and agreements herein contained, and any releases executed concurrently herewith, it is agreed as follows:

Article I.

Definitions.

For the purposes of this License Agreement the following definitions shall apply:

Section 1. The term "patent rights" will be deemed to refer either to a United States patent which is already issued, or to an application for United States patent, or to a United States patent which may issue on an application for United States patent.

Section 2. The term "television receiver" means the complete, operable receiver, including the cabinet, the sound and picture reproducers and all tubes and/or equivalent semiconductor devices and components necessary for receiving signals from broadcast stations and converting them into television pictures and accompanying sound, in the condition in which such television receiver is to be sold to the ultimate purchaser for use and fully operative except for a primary source of power, such as batteries or house wiring. It excludes the following portions of a combination television set which do not participate in the foregoing

function: electric clocks, phonograph apparatus, and radio sound receivers distinct from the television receiver sound apparatus. It also excludes antenna, not included in television receivers as manufactured or sold by Licensee.

Section 3. The term "combination television set" means a unit in the condition in which it is to be sold to the ultimate purchaser for use as above but which, in addition to a television receiver, includes additional portions such as electric clocks, phonograph apparatus, and radio sound receivers excluded in Section 2 immediately preceding.

Section 4. The term "chassis" means a television receiver lacking certain equipment necessary to make a complete television receiver as further defined in the second paragraph of Article II, Section 2 hereof.

Article II.

Licenses.

Section 1. Licensee hereby elects, for grant of a license in accordance with Section 2 of this Article II, the patent rights specified, or indicated by the paragraph of Schedule B referred to, as follows:

Section 2. Licensor hereby grants and agrees to grant upon the terms and conditions hereinafter set forth and solely and only to the extent hereinafter specified and defined, a personal, indivisible, nontransferable and nonexclusive license to Licensee to practice the inventions of all United States patent rights elected in accordance with the preceding Section 1 in the manufacture at its factories of television receivers and to sell or lease such television receivers as a whole to others.

In the event any television receiver specified in the foregoing is sold without, or shipped separately from, any necessary components, such as cabinet, tubes or equivalent semiconductor devices, speaker, or other equipment neces-

sary to make a complete television receiver, such receiver chassis shall nonetheless be licensed and royalties shall be computed and paid thereon under the provisions of Article III hereof on the same basis as though such receiver were sold and shipped with those necessary components.

Section 3. Nothing herein contained shall authorize or license the manufacture or sale of television receivers otherwise than in accordance with the express provisions of this License Agreement, and nothing herein contained, and no act or acts hereunder, shall be construed as, or result in, conveying any licenses to Licensee, expressly or by implication, estoppel or otherwise under the following:

(a) any patent rights other than those elected and licensed in accordance with the preceding Sections 1 and 2 of this Article II;

(b) any patent rights which or rights under which are held by Licensor under an agreement such that Licensor can grant licenses only upon the payment of royalties or other consideration by Licensor to others;

(c) any patent rights of countries foreign to the United States.

Article III.

Royalties.

Section 1. During the term of this Agreement, Licensee agrees to pay to Licensor upon each television receiver manufactured, sold or leased by Licensee royalties as follows:

Section 2. (a) No sale or lease of any television receiver by Licensee to any other television manufacturer, and no sale or lease by Licensee of any television receiver purchased by Licensee from any other television manufacturer, shall be considered in determining whether Licensee's sales and leases have reached the point where royalties thereon amount to either the applicable annual maximum

royalty or any applicable annual minimum royalty provided in Article III, Section 1 above.

(b) Royalties shall be payable by Licensee hereunder with respect to television receivers purchased or leased from others in all other respects as though such receivers had been manufactured by Licensee itself under this Agreement, notwithstanding any royalties, including any annual minimum or maximum royalty, paid by such others to Licensor.

Sales or leases of television receivers by Licensee to any other licensee of Licensor who is obligated to pay royalties to Licensor in respect thereof shall be reported by Licensee to Licensor as provided in Article IV, Section 2 hereof, but shall be subject to the payment of royalties by Licensee only to the extent that the royalty rate applicable hereunder exceeds the royalty rate applicable under Licensor's license to such other licensee.

Section 3. (a) Net selling price on which royalty is computed is the net selling price before any deduction for cash discounts, or for any freight, advertising or other allowances but after deduction of manufacturers' excise taxes actually paid by Licensee directly to the taxing authority.

(b) Where Licensee's net selling price of a television receiver is included in the net selling price of a combination television set, the net selling price of the television receiver shall be determined by deducting from the net selling price of the combination television set an amount equal to Licensee's manufacturing cost or purchase price, plus a fifty percent (50%) mark-up, of electric clocks, phonograph apparatus, and radio sound receivers distinct from the televiison receiver sound apparatus, and any other portions not within the term "television receiver".

(c) In the case of either a television receiver or a combination television set, there shall also be deducted an amount

equal to Licensee's manufacturing cost or purchase price of the cabinet plus a mark-up of fifty percent (50%) less $22.50.

(d) Where Licensee's rental of a television receiver is included in the rental of a combination television set, the rental of the television receiver shall be determined as the portion of the rental of the combination television set allocable to the television receiver in accordance with the relative value of the television receiver established by subtracting from Licensee's total manufacturing cost or purchase price of the combination television set, plus a fifty percent (50%) mark-up, Licensee's manufacturing cost or purchase price of any portions of the combination television set not within the term "television receiver" plus a fifty percent (50%) mark-up.

(e) In the case of television receivers sold without, or shipped separately from, any necessary components, such as tubes or equivalent semiconductor devices, speaker, or other equipment other than the cabinet necessary to make a complete television receiver (e.g. chassis) there shall be included in the net selling price for the purpose hereof an amount equal to Licensee's manufacturing cost or purchase price, plus a fifty percent (50%) mark-up, of any such components or other equipment, if such components or other equipment are manufactured or purchased by Licensee. If such components or other equipment are not manufactured or purchased by Licensee the net selling price shall be increased for the purpose hereof to include an amount therefor equivalent to the fair market value of such components or other equipment plus a fifty percent (50%) mark-up.

In the case of television receivers sold without, or shipped separately from, the cabinet, there shall be included in the net selling price for the purpose hereof $22.50 therefor.

The term "manufacturing cost" as used herein shall be determined in accordance with the latest edition at the time of "Uniform Accounting Manual—Electrical Manufacturing Industry" issued by the National Electrical Manufacturers Association.

Section 4. In order to insure to Licensor the full royalty payments contemplated under Section 1 of this Article, namely, royalty on selling prices and rentals to purchasers and lessees wholly independent of Licensee, it is agreed that, in the event that any apparatus is sold or leased hereunder:

(1) To a corporation, firm or association which, or individual who, shall own or control directly or indirectly a controlling interest in Licensee by stock ownership or otherwise; or

(2) To a corporation, firm or association in which Licensee or stockholders of Licensee, or any subsidiary or parent or affiliated company of Licensee shall own or control directly or indirectly a controlling interest by stock ownership or otherwise; or

(3) To a corporation, firm, or association to which, or individual to whom, Licensee sells or leases exclusively or which or who purchases or leases television receivers exclusively from Licensee, either as a matter of general practice or under the provisions of any sales agreement, arrangement, or understanding between the parties; or

(4) To a corporation, firm or association with which, or individual with whom, Licensee or its stockholders or subsidiary or parent or affiliated companies shall have any agreement, understanding or arrangement (such as, among other things, an option to purchase stock or involving a division of profits or special rebates or allowances) without which agreement, understanding or arrangement, prices or rentals, paid by

such corporation, firm or association or individual for the television receivers sold or leased hereunder would be higher than the price or rental actually paid, or if such agreement, understanding or arrangement results in extending to such corporation, firm, association or individual lower prices or rentals for the television receivers sold or leased hereunder than those charged to outside concerns buying or leasing similar merchandise from Licensee in similar amounts and under similar conditions; or

(5) To another manufacturer which is not a licensee of Licensor;

then, and in any of such events, the royalties to be paid hereunder in respect to such television receivers shall be upon the net selling price, before cash discount, freight or advertising allowance or other similar deductions or rental at which such purchaser or lessee resells or leases such apparatus to a purchaser or lessee wholly independent of itself and of Licensee, instead of upon the net selling price or rental of Licensee; provided however, that Licensee shall not be obligated under this section to pay royalty upon selling prices or rentals of television receivers in excess of the standard price or rental at which Licensee sells or leases such television receivers to any wholly independent jobber or distributor.

Section 5. For royalty purposes under this Agreement, television receivers shall be considered to be sold when billed out, or if not billed out then when delivered, shipped or mailed. If as a result of a price reduction established by Licensee or a return to Licensee of licensed television receivers previously sold by it, Licensee shall refund or credit to a customer part or all of the selling price of such licensed television receivers, Licensee shall be entitled to a credit against royalties payable hereunder equal to the

royalties on that part of the selling price so refunded or credited.

Article IV.

Reports and Payments.

Section 1. Licensee agrees that it will keep records showing the production and the sales or lease of all television receivers upon which royalties are payable under Article III of this Agreement in sufficient detail to enable the royalties payable hereunder to Licensor to be determined, and generally to allow such investigation of all its operations hereunder and in connection herewith as may be necessary to determine Licensee's compliance with this Agreement and the accuracy of said records and the statements to be furnished hereunder. Licensee further agrees to permit Licensor's duly authorized representative, or at the option of Licensee a reputable certified public accountant designated by Licensor, to inspect such records at all reasonable times.

Section 2. On or before the last day of each month, and as of the last day of the preceding month, Licensee agrees to furnish Licensor with written statements in form prescribed by Licensor over the signature of an officer of Licensee of all royalties due under this Agreement.

The first of such statements shall be rendered not later than the last day of the month next following the month including the date of this License Agreement and shall cover the period from the date of this License Agreement to the end of the same month. The royalty prescribed herein shall be due and payable on the last day of each month upon all such television receivers sold by Licensee during the preceding month, or, in the case of the first statement, the period covered thereby.

If in any such period no television reecivers have been sold or leased on which royalty is payable under Article

III, Section 1, a statement over the signature of an officer of Licensee to such effect shall be furnished to Licensor.

Section 3. Licensee agrees to pay interest to Licensor upon any and all amounts of royalties that are at any time overdue and payable to Licensor at the rate of six percent (6%) per annum from the date when such royalties are due and payable as provided herein.

Section 4. Licensor agrees not to disclose to a competitor of Licensee any confidential information relating to Licensee's business obtained by the Licensor under this Agreement, except when combined statistically with corresponding information of other licensees in such manner as to conceal said information, and except as it may be necessary to disclose the information in or in connection with any arbitration or litigation.

Article V.

Trade Mark and Patent Markings.

Section 1. Licensee agrees to use its best efforts to mark on all television receivers sold by it under this license the word "_____", or such other trade mark, trade name or brand name as Licensee shall from time to time specify in writing to Licensor. Such trade mark or trade or brand name shall be etched, stamped, or in some other permanent form affixed on every such television receiver and, at election of Licensor, television receivers not bearing said word, name or trade mark are not licensed.

Section 2. Licensee agrees to comply with all requests of Licensor relative to patent markings reasonably required in order to comply with the constructive notice provisions of Patent Statutes, (U.S. Code, Title 35, Sec. 287). Until further notice, Licensee agrees to mark all licensed television receivers manufactured and sold or leased by it hereunder, in readily legible form, with the statement:

"This apparatus is licensed under the United States patent rights of Hazeltine Research, Inc."

The marking required by this section shall be affixed to said licensed television receivers by attaching plates bearing the required marking or by affixing said marking on said television receivers in some other form equally permanent and, at election of Licensor, television receivers not bearing such markings are not licensed.

Section 3. Upon request of Licensor, Licensee agrees to supply to Licensor data sufficient to enable the parties to comply with the preceding Section 2 of this Article V.

Article VI.

Waiver.

No waiver by Licensor, express or implied, of any breach of any term, condition or obligation of this Agreement by Licensee shall be construed as a waiver of any subsequent breach of that term, condition or obligation, or any other term, condition or obligation of the Agreement of the same or different nature.

Article VII.

Litigation.

Licensor agrees that it will bring and diligently prosecute such suits for infringement of the various patents under which licenses are herein granted as may in its judgment be reasonably necessary and prudent for enforcing those patents and preventing unlicensed competition in patented television receivers in the field of this license.

Article VIII.

Notices.

Any notice hereunder must be in writing and may be given by registered or certified letter and shall be deemed to have been given when such registered or certified letter, properly addressed, is mailed; if given otherwise than by registered or certified letter, it shall be deemed to have been given when delivered. If such notice is to be given to Licensor it shall be addressed to Licensor at its office, 5445 West Diversey Avenue, Chicago 39, Illinois; if given to Licensee it shall be addressed to Licensee at .....

..... Either party hereto may at any time by thirty (30) days' notice to the other designate any other address in place of those above given.

Article IX.

Term and Termination.

Section 1. Unless sooner terminated as herein provided, the license herein granted shall extend to January 1, 1968.

Section 2. Licensor may, at its option, terminate this Agreement, (a) on the failure of Licensee to render statements, to pay royalties or to make any other payments due under this Agreement or on Licensee's failure to comply with any other provision of this Agreement and on its failure to correct such default within ten (10) days after its attention has been called thereto; and (b) at any time upon or during the bankruptcy, receivership or insolvency of Licensee or the appointment of a receiver or trustee for its property, or upon or after an assignment for the benefit of creditors, or upon the filing of a petition, either voluntary or involuntary, for financial reorganization of Licensee or other adjustment of its indebtedness.

Any such termination by Licensor shall be by notice in writing to Licensee, stating the reason for the termination and shall take effect ten (10) days after such notice is given.

Section 3. All licenses shall cease on the date of termination. Television receivers manufactured during the life of the Agreement and on which royalty has been paid within thirty (30) days after the termination shall be licensed to be sold in accordance with the terms and conditions hereof. Within thirty (30) days after the termination Licensee shall report and pay royalties as above provided.

Section 4. No termination of this License Agreement for any cause shall release Licensee from any of the liabilities accruing to Licensor or rescind anything done or affect any payment or other consideration made or given to either party hereunder prior to the time such termination becomes effective. No failure on the part of Licensor to exercise any right of termination hereunder shall be construed to prejudice such right or any subsequent right of termination.

Article X.

Validity.

Licensee, during the term of this Agreement, admits the validity of, and agrees that it will not voluntarily and knowingly either directly or indirectly aid or abet any attack upon the validity of the claims of any patent rights under which the license herein granted shall be in force.

Article XI.

Complete Agreement.

This document, together with any supplements or modifications thereof signed by the parties, comprises the complete Agreement; neither Licensor nor Licensee has made any representations or warranties other than those set forth in or appended to this Agreement and such supplements or modifications, if any.

Article XII.

Successors and Assigns.

This Agreement shall inure to the benefit of the successors or assigns of Licensor, but neither this Agreement nor any of its benefits, nor the licenses, rights or privileges herein granted shall be directly or indirectly, by operation of law or otherwise, assigned, transferred, divided or shared by Licensee with any person, firm or corporation whatsoever, except successors to or assigns of substantially the entire business of Licensee in television receivers of the type licensed, without the prior written consent of Licensor.

Article XIII.

Illinois Laws.

This Agreement is to be governed by and interpreted in accordance with the laws of the State of Illinois.

In Witness Whereof, the parties hereto have caused this instrument to be duly executed in duplicate.

Hazeltine Research, Inc.
By .....
President.

(Corporate Seal)
Attest:
.....
Secretary.

(For Corporate Execution.)

.....
By .....
(*Title.*)

(Corporate Seal)
Attest:
.....
(*Title.*)

(For Individual Execution.)

.....L.S.
(*Title.*)
.....L.S.
(*Title.*)

Witness:
.....

State of .....,
County of ..... } ss.

On this ..... day of ....., 19....., before me personally came ....., to me known, and who being by me duly sworn, did depose and say: that he is the ..... of Hazeltine Research, Inc., one of the corporations described in and which executed the above instrument, and that he knows the seal of said corporation and the seal affixed to said instrument is said corporate seal, and that it was so affixed by authority of the Board of Directors of the said corporation, and that he signed his name thereto by like authority.

.....

Notary Public.

(For Corporate Acknowledgement.)

State of .....
County of ..... } ss.

On this ..... day of ....., 19....., before me personally came ....., to me known, and who being by me duly sworn, did depose and say: that he is the ..... of ..... one of the corporations described in and which executed the above instrument, and that he knows the seal of said corporation, and the seal affixed to said instrument is said corporate seal, and that it was so affixed to said instrument by authority of the Board of Directors of the said corporation, and that he signed his name thereto by like authority:

.....

Notary Public.

(For Individual Acknowledgment.)

State of .....,
County of .....,
} ss.

On this ..... day of ....., 19....., before me personally came ....., to me known, and known to me to be the person of such name who signed and sealed the foregoing instrument and who acknowledged the same to be fr[illegible] act and deed.

.....

Notary Public.

Schedule B.

Schedules of License Terms for Television Receivers.

The following schedules of rates are hereby established to January 1, 1968 for licenses of U. S. domestic patents and patent applications on which Hazeltine Research, Inc. has the right to grant non-exclusive licenses for the sale of television receivers in the U. S. The base to which the stated percentages apply, and all other terms used herein, are as defined in Hazeltine Research, Inc.'s new standard license agreement now being prepared. The Licensor-Licensee relationship will be established only by the execution of that standard agreement. Where a licensee elects to take a license on one or more said patents or patent applications, but less than all the patents and patent applications as to which Hazeltine Research, Inc. has the right to grant non-exclusive licenses, then said rates are subject to reservation by the licensor of its right to enforce against infringement any of Hazeltine Research, Inc.'s patents and patent applications under which licensee has elected not to be licensed by Hazeltine Research, Inc.

(I) Color-Television Receivers

(A) Specified patents for use in color-television receivers.

	Percentage Rate
(1) 2,774,072—Loughlin	.90
(2) 2,773,929—Loughlin	.30
(3) 2,954,425—Richman	.25
(4) 2,905,749—Loughlin	.10
(5) 2,728,813—Loughlin	.10
(6) 2,547,648—Loughren	.05
(7) 2,933,558—Richman	.05
(8) 2,848,537—Richman	.05
(9) 2,922,838—Richman	.05
(10) Application Serial No. 359,734—Richman	.05

(B) Any one or more of patents or patent applications for use in color-television receivers, as to which Hazeltine Research, Inc. had the right to grant non-exclusive licenses on January 1, 1963 which are not specified in (A) above—at the rate of .05% each, or all such unspecified patents or patent applications for .25%.

(II) Monochrome Television Receivers.

(A) Specified patents for use in monochrome-television receivers.

	Percentage Rate
(a) 2,547,648—Loughren	.40
(b) 2,933,558—Richman	.35

(B) Any one or more patents and patent applications for use in monochrome television receivers, as to which Hazeltine Research, Inc. had the right on January 1, 1963 to grant non-exclusive licenses which are not specified in (II), (A) above—at the rate of .025% each, or all such unspecified patents or patent applications for .125%.

(III) Various combinations into groups, of which licensees may elect any one or more as shown in (A), (B), (C), (D) and (E) below, are offered due to the fact that, as the licensee broadens his freedom of design by being licensed under more patents, the effort and expense to the licensor decreases for monitoring, administering, and protecting all licensees from discrimination, and hence the benefit thereof may be passed on to any such licensees in estimated ratio to the extent of increased license coverage, provided this is balanced, by reasonable over-all annual group dollar minima and maxima as follows:

(A.) For all patents and applications specified in (I), (A) above, a group rate of 1.65%, with an annual dollar group minimum of $100,000 and maximum of $275,000.

(B.) For all patents and applications covered by (I), (A) and (B) above, a group rate of 1.7%, with an annual dollar group minimum of $125,000 and maximum of $300,000.

(C.) For all patents and patent applications for use in color-television receivers referred to in (I) and all such patents and patent applications which Hazeltine Research, Inc. may acquire the right to issue non-exclusive licenses during the period of the license agreement after January 1, 1963, a group rate of 1.75%, with an annual dollar group minimum of $135,000 and maximum of $310,000.

(D.) For all patents referred to in (II) above a group rate of .75%, with an annual dollar group minimum of $40,000 and maximum of $75,000.

(E.) For all patents referred to in (II) and all patents and patent applications for use in monochrome television receivers which Hazeltine Research, Inc. may acquire the right to issue non-exclusive licenses during the period of the license agreement after January 1, 1963, a group rate of .8%, with an annual dollar group minimum of $45,000 and maximum of $80,000.

(IV) In order to avoid any possible discrimination as between licensees due to rates under licenses already in effect on January 1, 1963, and for periods thereafter, all the rates provided in (I), (II) and (III) shall be subject to the following:

(A.) Until June 30, 1966 all licenses covering all patents and all patent applications for use in both color and monochrome television receivers shall be subject to an over-all annual maximum of $200,000.

(B.) Until February 1, 1965, all licenses covering patents and patent application for use only in monochrome television receivers shall be subject to over-all maximums as follows:

(1) 2,547,648 rate .40%	Dollar maximum per annum $25,000
(2) 2,933,558 rate .35%	Dollar maximum per annum $15,000
(3) All monochrome patents owned on January 1, 1963 rate 1.0%	Dollar maximum per annum $50,000 (without a minimum requirement)

(V) Any rates hereafter established to be effective after January 1, 1968 shall not be discriminatory as to substantially the same patents and patent rights and the same group thereof as applied to television manufacturers.

(VI) In order to afford any licensee complete freedom in his selection of patents as he deems needed without finding it necessary to take a largre number in order to obtain a reasonable dollar maximum, the following is provided:

(A) In the event of the election by licensee of one or more of the patents covered in paragraphs (I) (A) and (B) above, an annual dollar maximum for the patent or patents so elected by licensee shall be applicable. Said annual dollar maximum royalty shall be the amount indicated in the Table below corresponding to the "Sum of Percentage Rates" for said individual patent or patents so elected.

"Said Table is as follows:

Sum of Percentage Rates for Individual Patents Elected	Applicable Annual Maximum	Sum of Percentage Rates for Individual Patents Elected	Applicable Annual Maximum
0.05	$ 50,000	1.10	$220,000
0.10	67,000	1.15	225,000
0.15	82,000	1.20	229,000
0.20	94,000	1.25	233,000
0.25	105,000	1.30	237,000
0.30	115,000	1.35	241,000
0.35	125,000	1.40	245,000
0.40	133,000	1.45	249,000
0.45	142,000	1.50	253,000
0.50	150,000	1.55	257,000
0.55	157,000	1.60	261,000
0.60	164,000	1.65	265,000
0.65	170,000	1.70	269,000
0.70	176,000	1.75	273,000
0.75	182,000	1.80	277,000
0.80	188,000	1.85	281,000
0.85	194,000	1.90	285,000
0.90	200,000	1.95	289,000
0.95	205,000	2.00	293,000
1.00	210,000	2.05	297,000
1.05	215,000	2.10	301,000
		2.15	305,000

(B) In the event of the election by licensee of one or more of the patents listed in paragraphs (II) (A) and (B) above, an annual dollar maximum for the patent or patents so elected by licensee shall be applicable. Said annual dollar maximum royalty shall be the amount indicated in the Table below corresponding to the "Sum of Percentage Rates" for said individual patent or patents so elected.

Sum of Percentage Rates for Individual Patents Elected	Applicable Annual Maximum	Sum of Percentage Rates for Individual Patents Elected	Applicable Annual Maximum
.025	$13,200	.450	$55,900
.050	18,600	.475	57,400
.075	22,800	.500	58,900
.100	26,400	.525	60,400
.125	29,500	.750	72,000
.350	48,400	.775	73,200
.375	51,100	.800	74,400
.400	52,800	.825	75,600
.425	54,400	.850	76,800
		.875	78,000

Schedule A.

Hazeltine Research, Inc.

United States Letters Patent and Applications

Patent No.	Issued	Patent No.	Issued
2,411,695	Nov. 26, 1946	2,513,921	July 4, 1950
2,413,423	Dec. 31, 1946	2,513,936	July 4, 1950
2,447,309	Aug. 17, 1948	2,514,957	July 11, 1950
2,469,168	May 3, 1949	2,518,736	Aug. 15, 1950
2,485,731	Oct. 25, 1949	2,519,209	Aug. 15, 1950
2,488,359	Nov. 15, 1949	2,519,524	Aug. 22, 1950
2,495,938	Jan. 31, 1950	2,521,945	Sept. 12, 1950
2,498,253	Feb. 21, 1950	2,522,706	Sept. 19, 1950
2,499,576	Mar. 7, 1950	2,522,731	Sept. 19, 1950
2,501,834	Mar. 28, 1950	2,525,919	Oct. 17, 1950
2,503,879	Apr. 11, 1950	2,526,229	Oct. 17, 1950
2,511,595	June 13, 1950	2,527,664	Oct. 31, 1950
2,513,731	July 4, 1950	2,531,215	Nov. 21, 1950
2,513,761	July 4, 1950	2,540,560	Feb. 6, 1951

Patent No.	Issued	Patent No.	Issued
2,547,648	Apr. 3, 1951	2,759,993	Aug. 21, 1956
2,548,436	Apr. 10, 1951	2,760,108	Aug. 21, 1956
2,549,578	Apr. 17, 1951	2,763,717	Sept. 18, 1956
2,550,486	Apr. 24, 1951	2,765,363	Oct. 2, 1956
2,562,476	July 31, 1951	2,773,929	Dec. 11, 1956
2,564,578	Aug. 14, 1951	2,773,930	Dec. 11, 1956
2,570,805	Oct. 9, 1951	2,774,072	Dec. 11, 1956
2,576,617	Nov. 27, 1951	2,774,867	Dec. 18, 1956
2,577,955	Dec. 11, 1951	2,784,249	Mar. 5, 1957
2,609,460	Sept. 2, 1952	2,787,705	Apr. 2, 1957
2,611,029	Sept. 16, 1952	2,793,247	May 21, 1957
2,614,212	Oct. 14, 1952	2,800,608	July 23, 1957
2,618,703	Nov. 18, 1952	2,802,909	Aug. 13, 1957
2,624,837	Jan. 6, 1953	2,806,211	Sept. 10, 1957
2,633,527	Mar. 31, 1953	2,807,661	Sept. 24, 1957
2,646,526	July 21, 1953	2,807,740	Sept. 24, 1957
2,646,532	July 21, 1953	2,810,780	Oct. 22, 1957
2,651,002	Sept. 1, 1953	2,811,579	Oct. 29, 1957
2,658,163	Nov. 3, 1953	2,813,147	Nov. 12, 1957
2,664,471	Dec. 29, 1953	2,814,778	Nov. 26, 1957
2,673,892	Mar. 30, 1954	2,819,333	Jan. 7, 1958
2,678,388	May 11, 1954	2,831,997	Apr. 22, 1958
2,678,389	May 11, 1954	2,833,851	May 6, 1958
2,678,964	May 18, 1954	2,833,870	May 6, 1958
2,697,744	Dec. 21, 1954	2,841,641	July 1, 1958
2,702,837	Feb. 22, 1955	2,841,642	July 1, 1958
2,703,389	Mar. 1, 1955	2,841,643	July 1, 1958
2,705,778	Apr. 5, 1955	2,841,700	July 1, 1958
2,707,206	Apr. 26, 1955	2,842,613	July 8, 1958
2,715,154	Aug. 9, 1955	2,844,758	July 22, 1958
2,717,362	Sept. 6, 1955	2,844,795	July 22, 1958
2,722,563	Nov. 1, 1955	2,845,480	July 29, 1958
2,728,813	Dec. 27, 1955	2,848,533	Aug. 19, 1958

Patent No.	Issued	Patent No.	Issued
2,729,702	Jan. 3, 1956	2,848,537	Aug. 19, 1958
2,730,564	Jan. 10, 1956	2,851,517	Sept. 9, 1958
2,735,015	Feb. 14, 1956	2,853,548	Sept. 23, 1958
2,743,311	Apr. 24, 1956	2,853,602	Sept. 23, 1958
2,752,419	June 26, 1956	2,855,457	Oct. 7, 1958
2,754,356	July 10, 1956	2,855,571	Oct. 7, 1958
2,856,454	Oct. 14, 1958	2,927,204	Mar. 1, 1960
2,857,457	Oct. 21, 1958	2,929,025	Mar. 15, 1960
2,857,574	Oct. 21, 1958	2,931,946	Apr. 5, 1960
2,862,050	Nov. 25, 1958	2,933,558	Apr. 19, 1960
2,862,143	Nov. 25, 1958	2,933,642	Apr. 19, 1960
2,864,951	Dec. 16, 1958	2,934,598	Apr. 26, 1960
2,868,872	Jan. 13, 1959	2,936,332	May 11, 1960
2,874,211	Feb. 17, 1959	2,936,384	May 10, 1960
2,874,311	Feb. 17, 1959	2,941,072	June 14, 1960
2,875,273	Feb. 24, 1959	2,942,060	June 21, 1960
2,876,372	Mar. 3, 1959	2,943,142	June 28, 1960
2,877,293	Mar. 10, 1959	2,943,263	June 28, 1960
2,877,295	Mar. 10, 1959	2,943,270	June 28, 1960
2,882,336	Apr. 14, 1959	2,944,105	July 5, 1960
2,885,464	May 5, 1959	2,944,173	July 5, 1960
2,885,465	May 5, 1959	2,945,135	July 12, 1960
2,888,648	May 26, 1959	2,947,807	Aug. 2, 1960
2,890,270	June 9, 1959	2,947,953	Aug. 2, 1960
2,890,273	June 9, 1959	2,950,349	Aug. 23, 1960
2,890,381	June 9, 1959	2,951,897	Sept 6, 1960
2,892,021	June 23, 1959	2,954,425	Sept. 27, 1960
2,896,014	July 21, 1959	2,954,533	Sept. 27, 1960
2,897,266	July 28, 1959	2,968,767	Jan. 17, 1961
2,898,397	Aug. 4, 1959	2,969,470	Jan. 24, 1961
2,898,454	Aug. 4, 1959	2,976,350	Mar. 21, 1961
2,898,458	Aug. 4, 1959	2,976,351	Mar. 21, 1961
2,898,459	Aug. 4, 1959	2,976,359	Mar. 21, 1961

Patent No.	Issued	Patent No.	Issued
2,900,440	Aug. 18, 1959	2,976,409	Mar. 21, 1961
2,905,749	Sept. 22, 1959	2,980,795	Apr. 18, 1961
2,905,752	Sept. 22, 1959	2,987,572	June 6, 1961
2,905,854	Sept. 22, 1959	2,987,617	June 6, 1961
2,910,581	Oct. 27, 1959	2,988,592	June 13, 1961
2,910,658	Oct. 27, 1959	2,995,620	Aug. 8, 1961
2,912,572	Nov. 10, 1959	2,996,572	Aug. 15, 1961
2,914,606	Nov. 24, 1959	2,996,717	Aug. 15, 1961
2,922,033	Jan. 19, 1960	3,002,049	Sept. 26, 1961
2,922,839	Jan. 26, 1960	3,002,090	Sept. 26, 1961
2,924,651	Feb. 9, 1960	3,009,015	Nov. 14, 1961
2,925,527	Feb. 16, 1960	3,015,152	Jan. 2, 1962
2,927,151	Mar. 1, 1960	3,015,728	Jan. 2, 1962
3,015,763	Jan. 2, 1962	3,070,750	Dec. 25, 1962
3,017,576	Jan. 16, 1962	3,076,147	Jan. 29, 1963
3,020,339	Feb. 6, 1962	3,080,641	Mar. 12, 1963
3,038,027	June 5, 1962	3,081,420	Mar. 12, 1963
3,038,072	June 5, 1962	3,084,216	Apr. 2, 1963
3,043,909	July 10, 1962	3,086,173	Apr. 16, 1963
3,056,853	Oct. 2, 1962		

Re. 24,882—Sept. 27, 1960
Re. 25,284—Nov. 6, 1962

Application Serial No.	Application Serial No.
16,407	104,359
17,600	107,191
35,554	120,137
36,372	129,501
45,208	140,167
51,708	175,736
56,703	189,830
82,293	192,282
84,632	339,145
84,636	359,734
84,637	580,600
84,666	619,912
84,667	630,241
85,740	803,500
88,475	848,935
89,895	856,608
90,146	

DEFENDANT'S EXHIBIT NO. 22.

February 8, 1963

D. Westermann

Tentative Rates, Etc. for Domestic Patent Licensing Program Worked Out In Meeting 2/7/63 by Messrs. Beam, Dodds, Ruestow and Westermann, for Further Consideration.

Monochrome.

There would be a basic charge of .15 of the television sets selling price for the fixed initial cost of issuing any license no matter how many patents are covered. This includes reserve for the obligation to sue infringers.

For each of the two basic monochrome patents (Loughren and Richman) (called the "monochrome" A package), the royalty would be .30. Hence, the total charge for either of them would be .45. Instead of a charge of .75 for both of them, the charge would be .65.

The lump sum or maximum for both of them would be $50,000, or $25,000 for either of them.

The package license charge for all other patents for monochrome use only (called the monochrome B Package) would be .15, in addition to the .15 basic fixed cost rate, or a $12,500 maximum or lump sum. Although either of the two above patents might be useful in color, its licensing at the above rates would be limited to monochrome.

Minimum royalty was not fixed as I recall but might be $3,000 and would not exceed that.

The strategy would be to offer only the A package in its entirety as Hazeltine's initial proopsal but there would be no resistance to any request for individual basic patent licensing or pricing.

All patents other than the two basic ones—called "insignificant patents"—would be offered only as the monochrome B package. An attempt is to be made not to license them at all. However, if it became necessary to license them because an applicant for the basic patents would not take them without such insurance against Hazeltine infringement, then the insignificant patent package would have to be available to any responsible manufacturer even if he did not take the basic patents, and the package rate of .15, or $12,500 maximum, would not be conditioned on his taking either of the basic patents.

In addition, if for reasons peculiar to his own requirements, a particular licensee desired any one or more but not all of this package of insignificant patents, they would be offered to him (assuming that we had already been obligated to license any of them as indicated above), but the rate for each patent would then be a custom made rate based and negotiated on his particular requirement (on the basis that, in an overall industry sense, the patents are virtually worthless separately), and the rate fixed would not have to have any direct relation to the package rate for this group of insignificant patents, except that it could not be prohibitive or arbitraily high or wholly disproportionate

to its real value to the particular licensee, and probably could not exceed the .15 rate.

It would be contemplated that if the package of insignificant patents is taken by a licensee of one of the basic patents, for insurance purposes, it would also include rights under future Hazeltine patents during the life of the license.

It is contemplated that if any of the insignificant patents, or any future patent, turns out later to have real value, it will be added to the above basic patents, and would have a specific royalty assigned to it, and it would be included in the basic patent license package, and the package rate would be increased accordingly. Of course there is a ceiling above which the package rate for basic patents cannot go, just as a matter of what the traffic will bear, but that problem would have to be considered and solved at that time, if the package of insignificant patents had already been licensed, even the charging of a high rate for one of these patents, which might have become valuable by adding it to the basic patent package, would have to take effect on expiration of the insignificant patent package license or licenses already issued: this is not a matter of law but of practicality in that the licensees would not accept any other approach.

Color.

The basic fixed charge would be .15 with a $3,000 minimum.

The rate for each of the two basic Loughlin patents would be .45, each with a lump sum or maximum of $54,540 each. The royalty for each of the other five patents in

paragraph (7) of the Dodds' 1/24/63 memo would be .15 each, with a maximum or lump sum of $18,180. These seven patents would make up the color A package.

If a licensee took that package he would pay a royalty of 1.65 instead of 1.80.

The maximum for such package would be $200,000 at the present time. This is because RCA presently has us tied to a $150,000 rate which becomes $200,000 next June. This is too low. Hence the license would provide that, effective as of the date that we get out from under that $200,000 RCA maximum, the maximum would increase to $300,000 and the proportionate maximum for each of the seven separate patents would be increased accordingly.

There would be a royalty for all other patents, which is the 240 odd presently insignificant patents, and rights under future patents during the life of the license, of .25 as a package license rate, with a $27,000 lump sum or maximum. This would be the color B package.

The same strategy and principles with respect to the offering of patents, or the package of insignificant patents, or individual insignificant patents, as indicated above with respect to monochrome, would apply to color.

D. Westermann.

DW:cc

cc: R. L. Beam
W. M. McFarland
L. B. Dodds
F. A. Ruestow
P. F. LaFollette

Attachment to
Memo to File
February 8, 1963.

Monochrome Only.

	Rate	Lump Sum
Basic Charge	.15 or $3,000 minimum	
"A" Package		
Loughren Patent	.30	25,000
Richman	.30	25,000
Package	1.65	50,000
"B" Package	.15	12,500

(If B package is licensed at all, it will be available to all as a package, or by patents separately with separate royalty rates "custom made".)

Color Only

	Rate	Lump Sum
Basic Charge	.15 or $3,000 minimum	
"A" Package		
Loughlin	.45	54.540
Loughlin	.45	54,540
Loughren	.15	18,180
Loughlin	.15	18,180
Loughlin	.15	18,180
Richman	.15	18,180
Richman	.15	18,180
"A" Package Total	1.65	200,000

($200,000 to be increased to $300,000 when RCA "ceiling" lifted, and other lump sums to be adjusted.)

"B" Package	.25	27,000

(See comment above as to "B" offer—Same applies.)

Note: The two basic monochrome patents are also valuable to color. They were not an 2/7 included in the color "A" package. They should be. Rates and lump sums may have to be adjusted.

The above rates and lumps establish the system which all agree is safely free of "misuse". They may on further consideration have to be adjusted to be sure that the most valuable and most likely to be licensed will return full value to Hazeltine, bearing in mind that all licensees may not take the full color package at 1.65. This is a question of how to get the total income that the color position warrants.

E. A. R. Thoughts on 2-7-63 Plan.

1. We should aim at getting upwards of 1% on the average from whatever groupings various licensees choose.
   We should not entertain too much hope of their selecting the A package—they are cost conscious and will look for the lowest possible rate. (G. E. is thinking this way. Zenith, too. Besides, RCA has set the pattern with individual pricing.)
   This means individual prices must be collectively much higher than 1.65% because different licensees will select different groupings.
2. We are deluding ourselves about package philosophy. We have not met our aim of complete freedom from suit with A package. So I doubt anyone will buy either package—primarily because of added cost.
   Therefore, let us not tie our hands price-wise because of the hope they will buy package.
3. Let us not delude ourselves further by failing to recognize that these patents ultimately will have to come down to a price cheaper than the cost of avoiding them. G. E. forced the 2-3 matrix patent down from .50 to .15 on this basis—same in Japan with cathode matrix.
   By the same token, we should price each patent as high as justified by the cost of avoiding them.
4. Why can't we price individual maxima higher than proportion of RCA $200,000 on theory that individual handling is more costly. If they are going to select

small groups we are under no obligation to give them a deal proportioned to RCA's.

5. Our rates are very apt to be forced down toward much lower rates of people like RCA whose highest rate is 40 cents (About .13%) for one patent and whose lowest is 10 cents (.04%). This is the argument of Zenith and Warwick.

   If this happens we should be able to argue that there should be no maximum just as RCA has no maximum. Here is our excuse to get rid of the troublesome maxima.

Note: Unbracketed figures are Feb. 7 conference thoughts. Bracketed figures are suggested changes.

Color: (A package initial offer, individual figures only if asked—B package only if asked).

MAX. TILL RCA EXPIRES.

	Basic License fee	.15	(.15)		
	A. Package				
Both Zenith & RCA	1. Sh. Mono.	.45	(.75)	$ 54,500	($120,000)
	2. Const. Luminance	.45	(.25)	54,500	(40,000)
	3. DC Quadri	.15	(.50)	18,167	(80,000)
	4. 2-3 Matrix	.15	(.15)	18,167	(25,000)
	5. Matched Phosphor	.15	(.15)	18,167	(25,000)
	6. 2 Mode Sync	.15	(.15)	18,167	(25,000)
	7. Sync ACC-2 Mode Sync.	.15	(.15)	18,167	(25,000)
		1.80		$200,000	
	8. Keyed AGC		(.15)		(25,000)
	9. Aperture		(2.55)		
	10. Cathode Matrix (Patent Pending)				

(If whole A package is taken the Basic License Fee is deleted, i.e., A package rate becomes 1.65.)

	B. Package				
	(All others and future)	.25		27,000	

* * * * *

Monochrome						
					maximum	
Basic License fee	.15					
A. Package						
1. Keyed AGC	.30	(.475)	.65 as package	(.76)	25,000	(25,000)
2. Aperture	.30	(.475)			25,000	(15,000)
B. Package	.15				12,500	(12,500)

DEFENDANT'S EXHIBIT NO. 23A.

W. H. Wilson — November 20, 1961
E. A. Ruestow — Company Confidential

Special Report Requested by You.

The ending of this report is a proposal to raise HRI royalty demands to take advantage of HRI's strong patent position in color TV. It necessitates a withdrawal of HRI's present standard license offer which has been available to the industry for years.

The problem is very complex but centers around two major factors—one business, one legal.

1. Economic pressures in the industry for several decades have exerted incessant downward pressure on royalty income and resulted in a standard license agreement which is out of step with present conditions in the industry, particularly as regards color TV. Therefore, the present standard license threatens to result in far less color income than seems warranted by our patents in color.

2. New trends in the law (patent misuse) threaten to deprive us of the right to enforce our patents if we maintain our present standard license—unless we are willing to accept even lower royalties than we now ask.

History of HRI's present license.

The present standard license was tailored by several decades of adversity which ought not to control our new position in color TV. Yet industry is in effect utilizing this adversity to hold down our color income.

While I do not have all the historical facts, I am led to believe that adversities in litigation, a decade or two ago,

forced us to accept a $50,000 maximum on the income from any one licensee. This was not too bad so long as there were many manufacturers in the industry I believe they may have numbered 20 or more at the beginning. Later, the entire market became concentrated in about half that number. Consequently, the $50,000 maximum became unfair to us.

About six years ago we attempted to break loose from this trap for color television by removing color from the $50,000 maximum. However, RCA promptly forced us to set a new maximum of $150,000 applicable to color; so too, Sylvania. Sylvania also forced us to make another reduction in our color rates, which others are beginning to demand.

It is important to realize that these income limitations were forced upon us because of our own embarrassments which no longer exist. They may have been that our patents in black-and-white were weakening or that color TV was not selling. Those reasons no longer exist—at least we have good hope that they will not exist in the future of color TV.

It is important, also, to realize that if the TV industry concentrates still more, as it could well do in color, the $150,000 maximum will be grossly out of line with the fair value of our color patents. If, for example, the industry concentrated in six manufacturers the income would be only $900,000. While the $150,000 maximum rises to $200,000 in 1964, this is slight help.

Fair Value and Income Targets for Color TV.

What is fair value seems to me to be far higher than the foregoing.

Our royalty income from the radio and black-and-white TV industry was almost $2,500,000 at its peak a few years ago. Rumor has it that RCA's annual royalty income was

$25,000,000 at the time—at least it was far higher than ours.

According to Fortune Magazine "quesstimate" in 1932, RCA collected nearly $3,000,000 royalties in radio royalties in 1927 and over $6,000,000 in 1928. According to the Government brief in the antitrust suit of 1930, RCA's royalty receipts were $7,000,000 in 1929. In these years industry wide sales of radio receivers were from 1.3 to 4.5 million receivers a year. We shall be calculating below on the basis of an annual market of 1,000,000 color receivers as a minimum. I doubt RCA's patent control then was better than ours in color now.

A single very minor patent in TV receivers of another company earned $500,000 annually around 1954. Yet we have perhaps as many as ten relatively major patents in color television.

A royalty of 5% of the cost of patented parts is a fair general standard. RCA collected 7½% of the cost of radio receivers in 1927, it was reduced to 5% in 1932, and later to 2¼%. I believe there never was a maximum royalty imposed in the license agreements.

These data, plus similar patent histories in other industries, lead me to the conclusion that our potential in color TV is far higher than our present license structure permits. Our rate on color is 1.35% and is cut to one quarter of this after $75,000 income, and now we are subject to a $150,000 maximum. I think therefore that we must now make a strenuous effort to cast off the shackles of our present license structure in preparation for the possibility that color TV in the next ten years will live up to even a small part of the wild market predictions being made by RCA.

Our target should be, at least, to restore HRI income to the $2,500,000 figure and keep open the possibility of its

going far higher if color should really take over a major part of the market. We can not aim at such a target the way we are going now.

The Legal Problem (Patent "Misuse").

This, simply stated, is that we may not get ourselves in a position where we are forcing a licensee to take a license under all our patents in order to get those he wants. He must be free to make his own selection of those he wants without being blackmailed to recognize others. If we do this, the courts will not enforce our patents until we purge ourselves of this "misuse of patents". That can be a very disastrous penalty if we can not purge ourselves quickly, and it conceivably could take us six years to do so.

This legal problem is by no means new but it has assumed a more threatening nature in view of a recent court decision wherein a company was held to have misused its patents by telling a licensee he could have all patents or only one but that the rate was the same either way. This decision implies that the rate for one must be proportionally smaller than the rate for all in order to be legal.

This is precisely the situation with HRI. Zenith wants a license under only a few important patents of their own choosing. We will have to offer them at less than our present royalty rate for all, or run the risk of running afoul of the law and incurring a severe penalty. Yet we can not do this without driving our income down still further—and below fair value.

While I once minimized the threat in this "misuse" problem, I now take a more serious view of it. It is closely related to "antitrust" problems and, in view of political trends in Washington, I think this whole business is more apt to get worse than better during the profitable life of our color patents.

Conclusion.

It is for these reasons that I have come to the conclusion that we must withdraw our present standard license and offer a new one in its place even though the industry will be up in arms. The new agreement should raise rates and offer patents on an individual basis; and the rate for all must be greater than any aggregate of individual rates.

This conclusion solves both horns of the dilemma. It reverses the downward trend in our income, I hope, and it gets us off the hook of "patent misuse".

It will mean hard fighting but it will be fighting for a fairer return on our patents.

Proposal.

The following are my proposals of terms to be offered as a substitute for our present terms.

PROPOSED RATES APPLICABLE ONLY TO TV.

	Patent	Initial Rate % of Receiver Sales Price to Distributor	Cut Rate to ½ at Royalty Income of	Cut Rate to ¼ at Royalty Income of	Maximum until 12/31/63	Maximum from 12/31/63 to 12/31/66
1.	2,773,929 Constant luminance	.50	25,000 sets	50,000 sets		
2.	2,774,072 Shunted monochrome	.50	25,000 sets	50,000 sets	In these columns we will insert individual maxima adding up to the $150,000 maximum imposed by RCA and Sylvania until 12/31/63 and the $200,000 maximum from then to 12/31/66.	
3.	2,728,813 Two to Three Matrix	.25	25,000 sets	50,000 sets		
4.	D. 2196 Cathode Matrix	.25	25,000 sets	50,000 sets		
5.	2,848,537 Two Mode Sync	.20	25,000 sets	50,000 sets	They can be perhaps 100% higher considering the additional administrative burdens imposed by the new arrangement which Zenith is forcing on us.	
6.	2,945,425 DC Quadri for sync color kill or 2 mode sync	.40	25,000 sets	50,000 sets		
7.	2,922,839 Sync ACC+2 mode sync	.10	25,000 sets	50,000 sets		
8.	2,905,749 CRT with matched decay phosphors	[.10]*.50	25,000 sets	50,000 sets		
9.	2,547,648 Keyed AGC	[.10].475	25,000 sets	50,000 sets		
10.	2,933,558 Variable Aperture Sync Strip	.10	25,000 sets	50,000 sets		
	All HRI patents as a package	3.00	25,000 sets	50,000 sets		

The package is offered on the assumption that all other HRI TV patents have very little present market value. If any assume major market importance HRI, on 1 year's notice, shall have the right to negotiate an upward revision of the package rate to maintain the package rate always higher than aggregate individual rates—this to avoid the charge of "misuse".

* Figures in brackets struck in original copy.

The target of these terms is to produce our former maximum income of $2,500,000 if the color market rises to about 1,000,000 sets a year. This 1,000,000 set figure is arbitrary but based on the assumption we have long held that if color took over 10% to 15% of the current black-and-white TV market, 6 to 7 million sets a year, our income would be restored to former levels (RCA has predicted as many as 5,000,000 color sets sold annually in time). The current industry sales are guessed to be around 200,000 sets a year.

To illustrate the effect of this, suppose a major company chooses a group of the above patents amounting to 2% (Zenith clearly uses 1, 2, 3 and 6, I believe—others are probable). Then royalties will be as follows based on present sales to distributors of $350 for the lowest priced sets. Mass production will doubtless lower this but we may assume that the higher priced sets will keep these calculations up to something approaching the realities of the situation.

1st 25,000 sets	$ 175,000
next 25,000 sets	87,500
next 50,000 sets	87,500
Total for 100,000 sets (a fair target for the next few years)	$ 350,000

To visualize income at our 1,000,000 set industry wide target it is simpler to note that the royalty on 1,000,000 sets at the lowest rate is $1,750,000. Add this to the above and we have $2,100,000 which is getting near our target of restoring HRI income to former levels on a 1,000,000 set annual color market.

I am under no illusions—this will raise loud screams everywhere. But it is a fair, long range target considering my remarks about fair value above. We will be forced by our present licenses to be satisfied with less until they run out (the binds forced on us by RCA and Sylvania). The

last two columns are designed to meet this and give Zenith the same deal until the RCA and Sylvania licenses expire. The point is that I would try to sell Zenith the idea that they get the same deal as RCA and Sylvania, provided they help us set the new pattern now for the time when the RCA and Sylvania licenses expire.

If any one wants to be tougher, I'm all for it. I think we've been getting a raw deal.

EAR:AMR E. A. Ruestow.

DEFENDANT'S EXHIBIT NO. 23-B.

The important aspect.

This plan sets a 2-3 million target from which we are free to work upward if color TV exceeds targets..

Present setup sets a highly optimistic maximum 2-3 million from which we can only work downward and undoubtedly will.

DEFENDANT'S EXHIBIT NO. 24.

1. We just can't base our calculations on the idea that the industry will stabilize at 16 manufacturers
   - (a) LBD says it has already dropped from 40 to 16
   - (b) Once he told me people were worried it might drop to 6.
   - (c) He calls it "a potential maximum" (p3) - Thats just what it is. We can only work downward from his 30 figure. Many of his 16 never did reach maximum in black & white — they were too small.

2. Misuse law.

   He is wrong about the threat of Security — Huston Kenyon, Phil La Follette agree with me. Many others are worried (Page, Rathburn). Zenith subpoenas us now

   Attorney General's Report is out of date with a new. Nonconsultations Attorney General — R Kennedy raising hell in Anti Trust matters - Ike troubles - common pricing.

3. My whole case hinges on above 2 points in which LBD is in error. & open possibility of higher income & get increase off our backs.

   & must act now. Zenith is facing me. & must either give them low rates to avoid misuse or raise the package rate.

4. Anyway LBD confusedly comes around to my position in the end. (bottom p 8)

of we raise as he suggests, it can solve my Zenith problems. It just make the raise so high it get the same result as my program.

5. p3 - "additional income" from Boughren patent

Only under my plan not his

6. p4 He says our effective royalty is 0.1% for monochrome, 0.4% for color - because of effect of the lump sums

p. 5 But then he points out that RCA will no ceiling had an effective rate of $1\frac{1}{8}$%

According to this their effective monochrome income was over 11 times ours

7 p5 - we kicked back to Olympic.

8. p 5 It was not the absence of ceiling that brought RCA down

It was anti trust shenanigans – in Europe Government Decree is good evidence of that

9. p 9 "unrealistic" I answered him in my memo they asked for it. They forced what Besides they will be using twice as many of our [illegible] Secret issue - I have as my ability I'm squeezing them with their own shenanigans and greater use of our patents

a/ I am forced to stick to present agreement Zenith will make me decide 1.35% up/ among maybe 80 patents.

Or if I offer the 50% 80% 100% deal the pick 10 patents and zingo we are right back in misuse

I'm really in a box and the only way out is to break down the old walls

1. Based on 16 companies - 3M is many
we can only work downward

1A Larry himself feared more concentration - Why conclude it is stabilized

2. R.C.A - side deals as excuse for high income

— Suggestion that they had more patents because of EMI & others
— I doubt that when you actually analyzed the sets, that would more than occurs in it.

4 — Misuse

Atty Gen Report

WHG opinion - a good representation of the patent bar

3. Zenith - won't pay more

they asked for it by ~~attacking~~ me
asking for individual licenses

they are trying to make us decide
75 patents into 1.35%

We have Security as alibi.

DEFENDANT'S EXHIBIT NO. 25.

Mr. W. O. Swinyard

E. A. Ruestow

Warwick—Your Memo of May 4—No. 2961

May 8, 1962.

I have thought this over, too, and as far as I am concerned there never was any intent to give anybody a general $25,000 overall reduction. That's the flaw in Waggoner's thinking. At that time they were down to 1 patent and we were concerned only with monochrome. Since they were down to 1 patent we decided to cut their royalties in monochrome in half. (You remember, we had the formula that they paid the full rate if they used 3 patents, 80 percent if they used 2 patents and 50 percent if they used only 1. This is because we found only 3 patents in general use in monochrome at the time and nobody was thinking of color.)

Now with color they are back up to something like 6 patents and so the whole basis of our thinking several years ago is out the window.

I am going to stick to my guns and not let them get away with any such twisting of the plain meaning of the agreement, particularly since everybody else is seeing it our way. I will tell this to Axel after you have had time to reply to me just in case you see any mistake I have made.

E. A. Ruestow

EAR:AMR.

DEFENDANT'S EXHIBIT NO. 26.

Company Confidential

January 1, 1963.

R. L. Beam
W. M. McFarland
E. A. Ruestow

Status of HRI and Foreign Patent Operation

This is the first of quarterly reports on this subject recently suggested by W. M. McFarland to keep you informed.

H. R. I.

1962 Income—and its basis

Estimated gross royalty income for HRI is down about 10% from 1961. The rising prospects in color TV afford reason to believe this is the bottom of the decline from the peak of $1,872,000 in 1952. It is to be noted that the rate of decline has slowed up over the years as indicated by the following:

Year	Gross Royalties (thousands)
1951	1824
1952	1872
1953	1842
1954	1776
1955	1639
1956	1677
1957	1104
1958	886
1959	689
1960	622
1961	515
1962	466 (estimated)

The reasons for the decline are two:

(a) The running down of our monochrome patents (accentuated by failure to support research developing new ones);

(b) The slow emergence of a color TV market.

As to monochrome—we are now leaning essentially on only one patent (Loughren—Keyed AGC) with some small hope on another (Richman—Noise Immune Synchronization). Loughren earns a maximum of $25,000 a year from a number of licensees but it is difficult to induce new licensees under it because its validity and scope is being tested in litigation and infringers prefer to await the outcome. No specific income can be attributed to Richman as yet because it has certain weaknesses patent-wise which are in litigation and under Patent Office examination by way of a reissue application. For these reasons it is difficult to induce new licensees under Richman while its weaknesses are being thus tested.

As to color—about $67,400 (estimated) of the 1962 gross can be considered as an increase in color income due to the emerging color TV market. This came from rising newcomers in the market—Warwick ($43,000—estimated), Packard-Bell ($18,800—estimated) and Wells-Gardner ($5,600). As a measure of total income attributable to color TV, $125,000 of RCA's total of $150,000 can be attributed to color (the rest to monochrome) and added to the above $67,400 figure.

Remaining royalty income for 1962 came from various sources as—

BNC connector licensees—about $34,000, Printed Circuit Board licensees—about $3,000.

Specifics—Licensees

Non Licensees

Special Problems in Both Groups

Current licensees (TV only) are as follows (omitting a number of insignificant manufacturers):

RCA (monochrome and color)
Olympic (Siegler) (monochrome and color)
Warwick (monochrome and color)
Sylvania (monochrome and color)
Packard-Bell (monochrome and color)
Curtis-Mathes (monochrome and color)
Wells-Gardner (monochrome and color)
Conrac Div. of Giannini
Controls Corp. (monochrome and color)
Westinghouse (monochrome only)
Magnavox (monochrome only)
Setchell-Carlson (monochrome only)
Admiral (monochrome and color—but see special problem below)

Significant non-licensees are as follows:

G. E.
Zenith
Philco
Trav-Ler
Motorola
Emerson

G. E. is under negotiation and favorably disposed to recognize our monochrome demands but matters are being delayed by the unsettled state of our policies in color TV; G. E. is also favorably disposed to our color position. Zenith continues adamant in its refusal to recognize our monochrome position and refuses to discuss color until we drastically reduce newly proposed royalty rates. (The whole Zenith picture is horribly complicated by the litigation with them). Philco and Trav-Ler are being sued on monochrome (Loughren for both, Richman for Philco) and so negotiations are not possible at the moment. Philco is not deep enough in color as yet and buys from RCA (see special RCA problem below) and so color is not a factor.

Trav-Ler is not in color yet. Motorola and Emerson are awaiting the outcome of our monochrome litigation and not deep enough in color to warrant action. (I believe they, too, buy from RCA).

The Special Problems

The RCA problem is the major one. RCA's license permits them to supply color sets to the entire industry under the umbrella of their $150,000 maximum royalty (increases to $200,000 July 1, 1963). This situation will last until June 30, 1966, the expiration date of the license. Many manufacturers are buying from RCA and so pay us nothing on color; those who do not buy from RCA but make their own complain that paying royalties to us puts them at a competitive disadvantage and that makes it difficult to sell them licenses. Some relief from this situation is in prospect since RCA plans to discontinue sales to other manufacturers by 1964. The net result of this situation is that RCA's per set royalty may be as low as 1/6% for 1962 (guessing they sold 300,000 of the 400,000 sets said to have been sold by the industry in 1962). This is far too low for our patent strength which could be worth as much as 1.75% (Dodd's figure). It is even lower than the ⅓% figure at which our existing licenses work out for licensee production over about 20,000 sets a piece (a very low production figure even at current sales volumes). The RCA problem will be worse than the 1/6% in 1963 since industry sales are estimated at anywhere up to 1,000,000 sets. The ⅓% figure is another problem discussed below).

Sylvania presents the same problem on paper since they have the same license as RCA. However, they are not now supplying the rest of the industry, nor even making many of their own.

The Warwick problem—Warwick like many others was

cut from $50,000 to $25,000 per year several years ago because of our weakening monochrome position. Now that they have gone into color they complain vehemently that at least $12,500 of this cut is recouped because of the way our color rates were set up in their agreement on a reducing scale after we received a total of $50,000 royalties. They insist that the full $25,000 cut be preserved on an overall basis. We can justify the seemingly unfair situation for them and we can not accede without incurring the same loss of $12,500 with all other licensees. Since they are adamant we are heading toward an unpleasant fight—meaning litigation—and possible withholding of all their royalties. Besides, other licensees may adopt their position.

The Admiral problem—Admiral has been in default on its license for several years because of our weakened position in monochrome. Suit, when the timing was best, was authorized by our Management. Suit has been delayed for tactical reasons, the most important being the hope that when they went into color they could be persuaded to honor their license agreement retroactively for fear of being caught by our contemplated higher color royalties. The timing hinged on our decision about the new policy which is still up in the air. Time is running out and so the Admiral problem requires action right now. I propose to put the heat on them without further delay.

(Last minute note—Admiral made overtures of peace December 18, 1962 and I will see them right after the first of the year.)

The Setchell-Carlson problem—This once very faithful licensee has also defaulted because of our weakened monochrome position. They contemplate going into color in 1963. Therefore, I plan the same tactics as with Admiral.

Time is not pressing as much as with Admiral.

The problem in unlicensed monochrome—As indicated above, a number of manufacturers as Motorola, Emerson, and many smaller, are holding off taking a license until the outcome of our Zenith, Philco and Trav-Ler litigations. Therefore, little can be done to press them toward conclusions favorable to us at the moment.

Litigation

We are in monochrome litigation with Zenith, Philco and Trav-Ler for infringement of the Loughren and Richman patents. We have the usual 50-50 chances of winning. It will be at least two years before we have a final answer to the outcome of the litigation.

The Zenith litigation also involves the critical issues of misuse of patents and violation of the antitrust laws. The determination of these issues is vital to the future of HRI for reasons taken up below under the heading of future policy.

Future Policy

A little over one year ago I sent the attached memo, dated November 20, 1961, to W. H. Wilson. In brief, it outlines the dilemma, I think, HRI faces. This dilemma is (1) the fact that HRI has over the years worked itself into a license policy based on past misfortunes due to a weakening monochrome position which also affected adversely a strong color position; and (2) it also ran the risk of a serious legal attack on our policies due to a shift in the legal doctrine of misuse of patents. I proposed a complete change of policy which would solve both horns of the dilemma.

The matter was thoroughly debated and a new policy was approved. In essence the new policy provided for a rise in color royalties to match the real value of our color pat-

ent position and an abandonment of past licensing policies to avoid beyond doubt any charge of misuse of patents which could be very costly, if sustained, and even if it involved HRI in prolonged litigation, which is already the fact in the Zenith litigation. A defeat on the misuse issue could well deprive HRI of the right to enforce its color patents in the next four or five years which may well be the most lucrative years of these patents.

While the debate was settled last summer and I was authorized to open negotiations, the debate was revived several months ago and, as a consequence, it is impossible for me to negotiate further until the debate is again settled. An alternative license policy has now been proposed by L. B. Dodds.

It is my firm belief that the new policy I first suggested in my memo of November 20, 1961 to W. H. Wilson has been completely vindicated by the decision of the Supreme Court of the United States November 5, 1962 in the case of U. S. v. Loew's Incorporated. I continue in the belief that it would be bad business to risk a challenge of our policies on the issue any longer. The alternative proposal now under discussion does not solve the dilemma any better than that approved last summer. As a matter of fact, it establishes a maximum royalty from which we can only work downward whereas the policy approved last summer sets a royalty target from which we have freedom to work upward if, in the future, certain patents turn out to have increased value. (I so started in a memo to W. H. Wilson a year ago.)

In the foregoing context, it is well to revert to problems of our old license agreement exemplified by the RCA, Sylvania and Warwick problems alluded to above. They were caused by failure to think out soundly future effects —and warn us to think out future effects of current proposals rather than act on an ad hoc policy of momentary

solutions to momentary problems| The situation on the old license agreement is as follows:

The old license agreement provides for a $50,000 maximum on monochrome—our weak area patent-wise. In color, our strong area, it provides for 1.35% royalty until $50,000 has been received from both monochrome and color; then color royalties are cut in half (.675%) until a total of $75,000 has been received from both monochrome and color; then color rates are again cut in half (.3375%).

It is to be noted that the .3375% rate is reached at very low production rates (about 20,000 sets) and so it is fair to ignore the higher 1.35% and .675% rates in the overall picture and consider the effective royalty to be about ⅓% —since production targets are already up to about 100,000 sets per licensee.

⅓% is far too low for our color patent strength.

Attrition of the foregoing license terms set in at an early stage as follows:

(a) RCA imposed a $150,000 overall maximum for both monochrome and color and this permitted them to supply all other manufacturers with sets for which we got no royalty. At production rates of 500,000 sets which they may reach in 1963, the color royalty to us gets down to around 1/10%—outrageously low. Besides those who make their own sets (Warwick) complain bitterly that those who buy from RCA (Westinghouse, Philco, Admiral and others) get off scot-free and thus enjoy competitive advantages.

(b) Sylvania got the same deal as RCA. But they added further attrition by forcing us to reduce the level at which color rates are first cut in half from $50,000 to $25,000. This means a net loss of $12,500 color royalties at low volume production ($6,250 at high volume production). This concession had to be extended to all other licensees as well.

(c) As time went on our monochrome patent position got worse and we were forced to cut monochrome royalty from a $50,000 maximum to a $25,000 maximum level. This created the Warwick problem discussed above, namely, that on an overall basis at least $12,500 of the monochrome cut appears to Warwick to be recouped when they start making color, i.e., they pay $12,500 more for color under the $25,000 monochrome deal than they do under the $50,000 monochrome deal ($18,500 more if not given the Sylvania color royalty cut). As previously indicated this result is not unfair because the original intent was that a licensee was not entitled to have his color rates cut in half until he had first paid us $50,000 ($25,000 under the Sylvania deal). But Warwick does not see it this way.

It should be noted that the Warwick problem is caused by a confusion between our weak monochrome position and our strong color position. This I tried to eliminate in the new policy.

In summary, the new policy must accomplish these things—

1. In the long range, get the royalty rate up from the horribly low rates of ⅓% (1/10% for RCA). Rates averaging up to 2 are fair for our strength in color.
2. Eliminate, or at least raise the maximum imposed by RCA to anticipate any further concentration of the industry in fewer and fewer licensees.
3. Provide for equal treatment of all licensees in the transition stage which will last for at least 5 years.
4. Get out from under the misuse problem without letting it force individual patent rates down to unfairly low figures as the proposed new policy alternative to that of last summer will do.

5. Take into account that we will be tied to the new license for many years and so must not rely on any vague hope of rectifying policy mistakes in any decision we make now during the next ten years.
6. Eliminate confusion between our weak monochrome position and our strong color position so the latter does not suffer from the former (Warwick problem).

Miscellaneous.

Also attached hereto is a copy of my memo of February 23, 1962 to W. H. Wilson on projection for HRI submitted per his request. It may help to complete my guesses for the future. Note the potential items of claims against the Government and on color broadcast stations mentioned on page 2 of this memo which I bring up to date as follows:

The radar claim against the Government will be pending for some time. They contend it is no good on the bulk of the equipment involved but admit limited infringement. Since their defense involves a matter of priority with respect to a Bell Labs. patent it may be wise to start a suit in the Court of Claims now while our witnesses are still available.

There is probably no hope for the Hirsch computer claim against the Government. The Government rejected it and I have yet to find evidence that the Government uses it—at least enough to justify a lawsuit.

Color Broadcast Stations—I am confident of reaching a license agreement with RCA at a royalty of at least 3% of the cost ($2,500) of the key units involved in broadcast stations. As an estimate of potential the average use of these units by perhaps a thousand stations in the United States might be 3 or 4 (a very wide guess). NBC in New York is said to use about 90, but, again, this is a guess. So the income potential is not large but I see considerable

value in the deal as a specific recognition of our two basic color patents and the recognition of a royalty rate (3%) which should help to bolster our claims for high rates for them in the receiver field.

Operations of H. R. I. in Engineering and Research.

Expansion of HRI staff was authorized by W. H. Wilson early in 1962. My memo of April 30, 1962 outlining the plan approved by him is attached. It needs no further explanation other than that vigorous efforts are under way to implement it and that it is being slowed by personnel shortage. This means that new research is being delayed by the necessity of utilizing the small staff for current licensee service problems.

To: R. L. Beam, January 1, 1963.
W. M. McFarland.

Cost of Patent Department—with respect to HRI income.

I raised this question with W. H. Wilson last spring. He instructed Tiffany and me to consult and advise him. No conclusion was reached because of his illness.

The situation is this. Over the last eight years new organizations such as HRC, HTDC and Wheeler Labs. have added considerably to the tasks of the Patent Department and expanded its staff. The tasks include patent applications and infringement investigations from which HRI derives no benefit. Government contract work has also increased.

Yet under past policies HRI pays $150,000 a year for Patent Department costs, whereas I estimate about half of this is attributable to HRI income producing activities. HRI's net should therefore be higher to this extent.

I recommended that HRI's share of Patent Department costs be cut in half to give a more realistic picture of its

earning capacity. Tiffany wishes to be consulted on this because he does not agree and I certainly want his story heard.

H. R. I. C.

HRIC is another problem for HRI in terms of HRI income.

HRI was established years ago to serve many west coast licensees. Now west coast HRI licensees have dwindled as well as the HRI income from those remaining —due to the demise of some as manufacturers and the above mentioned monochrome royalty cuts for those remaining. For example, west coast income has now dwindled to somewhere around $35,000 to $40,000—practically all from Packard-Bell. HRIC has consumed most all of this in billings to HRI for licensee services to Packard-Bell and others. So the west coast operation is unprofitable for HRI. It has been allowed to continue up to now only for fear the licensees, as Packard-Bell, would discontinue entirely if the HRIC laboratory were abandoned.

I have thought this problem through at length and come to the conclusion that HRIC should be abandoned unless a more profitable mode of operation can be devised. The work can be done in Chicago more profitably. The rising color television picture would keep Packard-Bell from discontinuing its license, I would hope.

Foreign Operations.

General Status with Respect to all Foreign Patents Monochrome TV.

As in the United States our position in monochrome television continues to dwindle everywhere. Whether we will be able to rebuild it to any degree is sheer guesswork at the moment and depends upon work now in process in

Chicago in such areas as DC restoration and UHF which has undergone a rebirth under Government pressure.

Since matters have been left in the hands of foreign associates, I do not know exactly what patents they are able to assert, except for AGA. AGA has recently been very successful in asserting the Loughren patent as indicated below.

Income—For 1962 we have a very substantial amount from AGA as you already know. Others are:

GEC about $ 3,300
Canada about 46,000

For the future I have no reliable guesses but some encouragement in the form of a letter from AGA saying that they have signed up the entire German and Austrian industries under our Loughren keyed AGC patent through 1966 and 1972, respectively, at a rate which on the basis of current production would produce about $200,000 annually (half of it would be ours).

Color TV.

There is no color income from abroad in prospect for the immediate future at the moment. No color market has yet developed abroad except one of small size in Japan.

For the long range future—there is a rebirth of keen interest in England and Europe. A substantial market is hoped for in three years which is a much shorter time than we previously hoped for.

Much hinges on whether England and Europe adopt the American NTSC System or the French SECAM System. We have just completed a study of our British color patents to estimate our patent strength for the two systems. We tentatively conclude that our potential strength is something like twice as great for NTSC as for SECAM.

Japan continues to be the leader abroad in color but we have no substantial patent position there. We may expect only a few thousand dollars there on what we have.

E. A. Ruestow.

EAR:AMR

Attachments.

DEFENDANT'S EXHIBIT NO. 27

1. You have made a judgement now as to the value of individual patents — just as I did.

So it is subject to the same criticisms as my policy is and it for only 10 - you did it for all

2. What is worse you have forced yourself to price the vast bulk too low and will be stuck with it - my formula preserves freedom of action until we are sure of real value

Anyone might turn into a Toulon or Bowie which sustained whole package in the past. Suppose a 2% patent becomes a 4% patent we wanted for individual use. Then you have a 38% differential between it in package and cost alone. Chi - Each patents in the package

3. If in future we make major inventions they automatically go into low priced category

4. Questionable that it baits them to take whole package

As soon as they see they can save money they will attempt to avoid as many as they can.

RCA has set the pattern in individual pricing it runs

5. So what have we gained for the risk of misuse charge.

The whole thing is still apt to be viewed for just what we intended - a transparent attempt to force them into package.

6. I still believe we have set a figure (package rate from which we can only work down — whereas with freedom of action we may work up.

You have done nothing but cut my rates which I made high for bargaining.

You set out to solve an economic problem - failed - AND ONLY CREATED another

Bulls argument that they will not sign without complete freedom under all patents is unsound because

1. No one asked for it under the limited Langham license
2. W.E. - present royalty negotiations - no such demand ✓
3. No asking at of RCA

1. We have individually priced after all.
   True Bart does it only basics
   & we must do it on them – why not all.
2. Still doesn't bait them to whole package
   They won't pay even the slight additional cost they will try law.
3. So we having bought nothing for the risk of legal action – just tied my hands on little ones
   Suppose we come up with more big inventions.

Suppose they say they want only the little inventions
I we don't want Sh. mono & CL.
Are we then priced too low on little ones.
Little one might be a Bowie.

Haven't we set a figure from which we can only work down – instead of one from which we can work up.

How is differential between price in package and price individually justified by cost.

Where ① little one later becomes big and want big price later

② we want something new and big?

1. Problem was to make it attractive to take package so there would be no suits — without misuse

Misuse is still with us and Zenith will hang us.

Loew - affirms Security

8 patents x 20% = = 600% - a plain inducement to take package at 1.75

More realistically - 10 Zenith patents plus 10 yrs is 20 x 20 = 400% = 1.75%

= 3-fold increase over package rate - can't justify on cost

Economic blackmail toward package no matter how you slice it

Monobrome formula has no rate individual to each patent

Anti trust — personal actions against officers

2. Why have lump sum — ties our hands if we invent something good

Diggins worried about it

3. No provision to equate to old rates until old licenses expire
4. Charge for Service?
5. Why have chassis rate?
6. Why old $22.50 figure on cabinets?
7. Why 3 year extension?

In short:

1. This policy sets maximum from which we can only work downward. Whereas ours sets target from which we can work upward if future patents are of great value
2. Does not solve problem Wilson put to us — make it attractive to take package

Evidence - Bad Faith

Bad business economics

1. Many patents individually priced far above Real value eg matrix .5¢ against .1¢

4. It will be forced to deny individual license on matrix
- they won't pay .5¢ when alternative costs half that.

Same looks as though the 50% is being supported by weight of package

3. discourages use of matrix

6. Same thing will happen on all patents and we will end up with individual prices any way

2. All patents have plural prices depending on grouping chosen .5¢ to .6¢

this looks as though there is interdependence.

3. Average package = 1/30th of price individually

Obvious intent is to push him to buy freedom from any litigation not individual patent

DEFENDANT'S EXHIBIT NO. 28.

January 28, 1963

Memorandum To E. A. Ruestow

From F. H. Boos, Jr.

Subject Dodds Proposed Schedule in Memo to McFarland Dated January 24, 1963.

This is the memo I said I'd give you covering my thoughts on Dodd's proposed new schedule.

As I view it, the major change in this new schedule is the assignment of specific royalty rates, i.e., values, to specific patents. This was apparently done to meet the problem raised by Diggins in his draft report at page 46, in which he points out that specific values should be assigned to patents based on their relative importance in the package. It is now clear that both Diggins' and Dodd's viewpoints on the need for assigning specific values to specific patents are basically the same as yours. A comparison of Dodd's proposed rates with yours is shown in the chart attached to this memo.

It is interesting to note that Diggins had in mind a single package in his discussion about assigned values. Dodds, however, has proposed two packages—monochrome and color, in which the Loughren Keyed AGC and Richman Variable Noise Aperture patents respectively have two substantially different values, depending on which package is being considered. This shows that while Dodds has recognized the need for assigning specific values to avoid misuse, he has not really done so, i.e., avoided misuse, since on the very face of his schedule the values he assigns clearly have nothing to do with the real value of the patent, but are obviously aimed at coercing the licensee into taking a package license.

Consequently, I think Dodd's schedule is particularly bad in that it recognizes the problem of misuse by assigning specific values to specific patents, but fails to do anything in the way of avoiding it since the assigned values bear no relation to the worth of the patents to the licensee.

This tactic of relating all the royalty rates to a maximum package value gives rise to the most fundamental difference between Dodd's schedule and yours, keeping in mind that your schedule is based on the intrinsic value of the individual patents. With Dodd's schedule a maximum value is quickly reached, whereas with yours this is impossible to do, since yours is an open-ended schedule.

The significance of this is that your schedule is the only one that solves Diggins' problem which he raises in his report at pages 54 and 55. This is the one where Zenith accuses us of misuse by having charged them with infringement of enough patents to equal the maximum royalty rate in the standard license agreement (four patents).

The very same problem potentially exists in Dodd's new schedule, although the numbers are different, since his schedule permits the licensee to pick any eight patents in monochrome or any five patents in color and be over the respective maximum package rates.

True, it would be unlikely that any licensee would actually want, or use, this many patents as the situation is today, but, nevertheless, the possibility still exists and there is no allowance for any change in the situation within the next five or ten years. As a matter of fact with our newly established patent interest in black level stabilization, it is very possible that some manufacturer would soon want more than five patents in monochrome. In my opinion, your open-ended arrangement is the only one that avoids this problem.

/s/ F. H. Boos, Jr.

FHB:abt
att.

Comparison of per/patent royalty rates proposed by L. B. Dodds in memo to W. M. McFarland, January 24, 1963, with Schedule A proposed by E. A. Ruestow in draft agreement of September 10, 1962. Rates are percentage of unit selling price, (not percentage of package rate).

Monochrome Package (EAR does not propose separate monochrome package. Rates given for comparison only).

	LBD	EAR	LBD	EAR
	Individually		Together	
Keyed AGC	1.05	.5	1.575	1.00
Var. Noise Aper.	1.05	.5		
	Alone		With any other patent	
Others	.175	open for negotiation	.035	open for negotiation

Color Package

	LBD	EAR	LBD	EAR
	Individually		Together	
Const. Lum.	.70	.50	1.3225	1.00
Shunt. Mono.	.70	.50		
	Alone		With any other patent	
Keyed AGC	.35	.5	.175	.5
Var. Noise Aper.	.35	.25	.175	.25
2,728,813	.35	.25	.175	.25
2,905,749	.35	.50	.175	.50
2,954,425	.35	.50	.175	.50
Average	.35	.40	.175	.40

Others when selected with any other patent: LBD—.035; EAR—.004

DEFENDANT'S EXHIBIT NO. 29.

Memorandum to R. L. Beam February 15, 1963.

From E. A. Ruestow

Subject License Policy

Enclosure A is a proposed revision of the plan worked out in conference of February 7, 1963 as a result of the conference of February 13, 1963. Mainly, it takes into account patents overlooked on February 7, 1963. While acceptable, I do not think it the best plan for us.

Enclosure B is my proposal for straight individual pricing which I think the best for us. I have done this primarily because I feel the Enclosure A does not accomplish our objective of devising a saleable package program, and that the attempt to do so accomplishes nothing more than to tie us up in an inflexible program which will hurt us price-wise if not otherwise. (I have tried innumerable ideas to make the package program attractive but all end in an economic-legal dilemma. Therefore I always return to the conclusion that the best thing to do is to forget the package philosophy as unworkable and unsaleable and to price individually just as RCA has done.) This will allow us more freedom of action price-wise—mainly in the direction of increasing individual rates over the individual rates forced upon us by the package philosophy.

My reasons are as follows:

1. We want to permit any one to use any single patent if and when he wants it. That's our business—to license inventions. We will, therefore, want to price it somewhere below the cost to him of ways of avoiding it. If we price it individually too high in the package plan we are stuck with the dilemma of disorganizing the whole plan to lower

it or of telling him we can offer it to him only at a higher cost than alternatives, in which case he can scream that we refuse to license except on outrageous terms designed to force him toward the package. Such accusations would be very bad for us.

Obviously if the package plan forces us to price individually too low, we have not gotten the most of our patent. The attempt to cram a number of patents into a package rate may well do just that.

In short, we are going to be forced ultimately to price at the real value of the patent vis-a-vis alternatives,—forced either by the licensee or by our own interests. G.E. forced the 2-3 matrix patent down from .50% to .15% on the basis that it was cheaper to avoid it—the same in Japan with cathode matrix where they actually went to circuit cheaper than our rate (we should have lowered it earlier).

2. My non-package plan permits freedom of pricing for the above purpose. The package plan does not, rather, it tends to force prices down in order to fit them into the package rate.

3. In any event, we are deluding ourselves with package philosophy—

A. Licensees are cost conscious and so will pay only for what they use. G.E., Warwick and Zenith are thinking that way.

B. No one demands the package in monochrome, i.e., complete freedom from suit. Why should they in color either? True, they will try to get it for nothing but they won't pay extra for it.

C. RCA has set the pattern of individual pricing. Everyone is thinking of it now because they pay only for what they use.

4. If 3 is true, why underprice ourselves by lowering individual prices to squeeze them into a package rate.

5. My non-package plan is based on the following premises:

A. Complete freedom of action to realize the highest market value of each patent.

B. The supposition that whatever grouping is chosen by the licensee can be priced upwards of 1% on the average for the different groupings which will be chosen. We have every reason to believe this average will be at least as good as our contemplated package rate because that, too, will be subject to the same economic pressures.

C. The individual maxima can be made to add up to more than RCA's $200,000 on theory that individual pricing is more costly to us. And if they are going to select small groups we are under no obligation to give them maxima proportioned to RCA's.

(This assumes we cease to offer the RCA deal to anyone from here on.)

D. Accordingly, my individual rates collectively add up to more than the package rate we previously thought about. This is on the theory that different groupings will sum up to somewhere around this package rate.

E. Our rates are very apt to be forced down toward much lower rates of people like RCA whose highest rate is 40 cents (about .13%) for one patent and whose lowest is 10 cents (.04%). This is the argument of Zenith and Warwick.

If this happens we should be able to argue that there should be no maximum just as RCA has no maximum. Here is our excuse to get rid of the troublesome maxima.

F. We are completely free to price new patents as they find use.

G. (My non-package plan is absolutely free of misuse. No one will be tempted even to make a phony issue of it to cause us expense and trouble in litigation—as Zenith is now doing to our great cost.)

EAR:AMR E. A. Ruestow.

Att.

cc: Messrs. WMMcFarland
PFLaFollette
DWestermann
LBDodds
(W.att.)

P.S. In short, I see the difference between A and B as this.

A may well start individual prices at rates below real market value. B is meant to start them above real market value so that we are assured of at least maintaining market value when the bargaining begins.

ENCLOSURE A—PACKAGE PLAN.

Note: Figures are Feb. 7 conference thoughts with suggested changes. Color (A package initial offer at 1.75%, individual figures offered only if asked and at indicated individual rates, plus basic license fee—B package offered only if asked.)

			Max. till 1966 when RCA expires		
	Basic license fee		.10%	$11,400	
	A Package				
both Zenith & RCA use these, remainder questionable	1.	Sh. Mono. 2,774,072	.60%	68,600	Adds up to $200,000 Percentages add up to 1.75
	2.	Const. Lum. 2,773,929	.30%	34,350	
	3.	DC Quadri 2,954,425	.15%	17,250	
	4.	2-3 Matrix 2,728,813	.10%	11,400	
	5.	Matched Phosphor 2,905,749	.10%	11,400	
	6.	2 Mode Sync 2,848,537	.10%	11,400	
	7.	Sync ACC-2 Mode Sync. 2,922,839	.10%	11,400	
	8.	Keyed AGC 2,547,648	.10%	11,400	
	9.	Aperture 2,933,558	.10%	11,400	
	10.	Cathode Matrix (Patent Pending)	.10%	11,400	

(If whole A Package is taken the Basic License Fee is deleted, i.e. A Package rate becomes 1.75%—same for maxima i.e. if A Package is taken the max. is $200,000 [can't make it less or RCA will change to A Package].)

B Package
(All others and future) .25% $28,650

If A and B Packages are taken, max. is $200,000 (RCA figure).

* * * * *

Monochrome			maximum
Basic License fee	.15%		$12,500
A Package			
1. Keyed AGC 2,547,648	.30%	.65% as package	$25,000
2. Aperature 2,933,558	.30%		25,000
B Package	.15%		$12,500

ENCLOSURE B—NON-PACKAGE PLAN.

	Color		Rate	Max. till RCA expires
both Zenith & RCA use these, remainder questionable	1. Sh. Mono.	2,774,072	.70%	$120,000
	2. Const. Lum.	2,773,929	.30%	40,000
	3. DC Quadri	2,954,425	.50%	80,000
	4. 2-3 Matrix	2,728,813	.15%	25,000
	5. Matched Phosphor	2,905,749	.25%	25,000
	6. 2 Mode Sync.	2,848,537	.15%	25,000
	7. Sync ACC-2 Mode Sync	2,922,839	.15%	25,000
	8. Keyed AGC	2,547,648	.50%	25,000
	9. Aperture	2,933,558	.25%	25,000
	10. Cathode Matrix (Patent Pending)		.25%	25,000

Monochrome			maximum
1. Keyed AGC	2,547,648	.475%	$ 25,000
2. Aperture	2,933,558	.475%	15,000

DEFENDANT'S EXHIBIT NO. 30.

3-10-63

1. Misuse

On non-package deal – GE's choice was Shimmo, CL, Keyed AGC, Matrix.
This adds To 1.35%. They probably will want Quadri, Metal Phosphor and we 35
So they total 1.70%

Big guy — Suppose 200 000 sets (RCA will reach 500 000)
200,000 × 3,00 × .017 = $ 1020,000

Little Guy — Suppose 20 000 sets. He pay 1/10 of $ 102 000

So both will have to take package because of minimum and max

Big Guy can then get fantastic advantage

as big as RCA + he gets 500 000 sets for $ 310 000 4/2.66
while little guy gets his 20 000 sets for $ 102 000

Little guy then pays roughly $ 5 per set
Big guy " " " $ .60 " " or less

Not only misuse but gross discrimination against little guy

Bad Faith stands out like sore thumb

What a thing to hand Zenith at this time. — they'll jump with glee.

All mularchy about Savings — just pious words.

Like trying to sell all our military products at once

Threw out all my points to Webb except price

A. May put us back in concentration kind

Confusion | "reasonable group minima which if elected ... would change the deal so that the comparison between individual and group rates could not be determined only by looking at the respective percentages since this would tend to discourage election of groups"

2. So what have we bought for these awful risks

1. ~~Ger~~ Misuse threat
2. Destroyed staggering
3. Underpriced some

3. Sacred Cow "Staggering" thrown out.
This sacred cow is valid — packaging not
We are certainly with he ganged up on Jan 1 1968

4. Underpricing

"No Crystal ball" but this is pure crystal ball
in down-wind sense

1 gun
Special quadrex
~~new ideas (BDL at work on them)~~
d.c restoration

All priced hourly low to 1-1-68

5 Miscellaneous

Keyed A.G.C. & Xpertec priced as/as higher in mono than color

Suppose new ideas comes along useful in both color & mono
We guess .05 in color + .025 in mono
(Dollar difference much greater)

DEFENDANT'S EXHIBIT NO. 31.

Hazeltine Corporation.
Board of Directors Meeting

April 17, 1963.

Report submitted by E. A. Ruestow.

Report on HRI and HC Licensing Activities for the month ending April 17, 1963.

Litigation.

Zenith—Events of the last month in the Zenith litigation are of major interest. It appears to me that the war is spreading on all fronts into a full scale test of Hazeltine policy.

First, Zenith is filing a counterclaim for treble damages under the antitrust laws based on: (1) our alleged participation in an international conspiracy to block their foreign trade through interrelated patent pools in the United States, England, Europe, Canada and Australia; and (2) on alleged misuse of our United States patents, particularly in color, by forcing them into an illegal package license.

Second, Zenith proposed filing a counterclaim asking that our color patents be declared invalid and not infringed and non-enforceable because of the alleged antitrust and misuse offenses. This second counterclaim may be held in abeyance.

For our part, we moved to have the whole antitrust issue stricken from the case on the ground that it had nothing to do with the simple patent infringement action we brought. This looked very good at first but it may be frustrated by the Zenith counterclaims.

A Pre-Trial Conference was held two weeks ago with Judge Austin. In the course of it Zenith's counsel McConnell vehemently realleged Hazeltine's crimes and that they were part of the same crimes he and the Department of Justice conclusively pinned on RCA over the last 15 years. He claims he will prove the case from our own testimony which he has taken. It was mutually agreed, if the Judge overrules our motion, that the antitrust and misuse issues would be tried first for the reason that if Zenith proves correct all Hazeltine patents will be unenforceable and so there will be no need to consider their validity and infringement until we purge ourselves of the alleged crimes at some date in the future.

The essence of the misuse charge is that we have so arranged the economics of our licenses that they have no alternative but to take our package license, i.e., all our patents. They alleged that it will cost the $2,500,000 to license on a non-package basis and that this is the pressure which forces them to the package. Our packages cost $100,000 to $300,000 roughly by comparison.

I have the feeling that Judge Austin will let Zenith have its way in opening the whole misuse and antitrust issue wide open in the present litigation.

We will have another Pre-Trial Conference in May to work out matters further. So it is probable that we will not have a trial until the fall. Considering that, without doubt, there will be an appeal by the loser, the issue can not be expected to be resolved for several years.

Firestone—Judge Dalton has set this case for trial in June. It may take a year before we have a decision.

HRI Expansion.

The report on HRI expansion I referred to last month is now ready to submit to Management.

New Television License.

I have little to report on reactions of the industry to our new license terms. Many acknowledgments have been received but they indicate only that the terms are being studied. One vigorous protest came from Warwick. They characterize it as grossly unfair to raise rates. But that is exactly what I expected from my good friend, Bill Waggoner, since he vehemently thinks our present license unfair. He is just doing his job.

E. A. Ruestow.

DEFENDANT'S EXHIBIT NO. 32.

Notes on Hazeltine Patent Picture.

Present Patent Picture.

Hazeltine's present patent licensing activities are world wide. The U. S. activities are conducted by a wholly-owned subsidiary, Hazeltine Research, Inc., based in Chicago. Its principal income at present is derived from licensing the American television receiver industry under patents which resulted from its extensive research and development in that field. The entire receiver industry has been so licensed at various times, including as late as 1957, although Hazeltine's fortunes in that respect have declined recently due to expiration of important patents in black and white television. Since Hazeltine enjoys a dominant patent position with respect to the U. S. system of color television, it is hoped that its fortunes will be revived by the current, very hopeful, emergence of the color television market.

Hazeltine Research, Inc. also has income producing licensing programs in other technological areas, such as high frequency cable connectors, radio, and general elec-

tronic circuitry based on patents which arise from its various manufacturing and research activities mentioned elsewhere.

Outside the U. S., licensing activities counterpart to the foregoing are conducted under arrangements with companies in the countries involved. Throughout Europe they are conducted by Svenska Aktiebolaget Gasaccumulator (AGA) of Sweden which has derived considerable licensing income in the television and radio field and hopes to do a similar job in color television. In Great Britain, the same can be said for General Electric Co. Ltd., in Australia for Neutrodyne Ltd. (jointly owned by Hazeltine and Electronic Industries, Ltd.) and in Canada for Canadian Radio Patents Ltd. Programs also exist in Japan and Argentina.

Historical Patent Picture.

Historically, Hazeltine has been a unique company in the patent licensing field and has had an outstanding income record in the field. From its birth in 1924 until World War II, when it expanded into general electronics manufacture, mostly of military nature, its sole income was patent royalties based on research and development of home entertainment radio. This necessarily involved extensive know-how in patent soliciting, licensing, and litigation. This know-how and the patent organization to implement it is still intact. Hazeltine is, therefore, in an excellent position to exploit U. S. patents for companies which do not have the facilities and know-how for exploiting their inventions in America.

Hazeltine necessarily has been involved in extensive litigation to establish its patents at substantially all times during its thirty-seven year history. While that litigation obviously was not always successful, every litigation which it has brought since World War II has either been settled or decided favorably to Hazeltine.

Among the more important litigations brought by Hazeltine during this period may be mentioned following:

Defendant	Field	In Issue	Highest Court Involved	Result
Admiral Corp.	Television	Pat. 2,208,374	U. S. Court of Appeals	Patent held valid and infringed; license signed.
Air King Products Co.	Radio and Television	Validity of License	U. S. District Court	License held valid and delinquent royalties collected.
Amphenol-Borg Electric Corp.	High-Frequency Connectors	Pat. 2,540,012	U. S. District Court	Settled by license before trial.
Automatic Radio Mfg. Co. Inc.	Radio	Validity of License	U. S. Supreme Court	License held valid and delinquent royalties collected. Department of Justice unsuccessfully amicus curiae against Hazeltine.
Avco Mfg. Co.	Television	Pat. Re.22,055	U. S. Court of Appeals	Patent held valid and infringed; license signed.
Cage Electric Co. Inc.	High-frequency Connectors	Pat. 2,540,012	U. S. Court of Appeals	Patent held valid and infringed; license signed.
De Wald Radio Mfg. Corp.	Radio	Validity of License	N. Y. Supreme Court Appellate Division	License held valid; delinquent royalties collected.
General Electric	Radio	Pats. 1,951,685 2,041,273 2,080,646	U. S. Court of Appeals	Settled by license before trial; appeal on procedural questions.
Philco Corp.	Television	Pat. Re 22,055	U. S. District Court	Settled by license before trial.
Zenith Radio Corp.	Television	Pat. 2,547,648	U. S. District Court	Pending.

Defendant's Exhibit No. 32.
1129

In many cases the litigation induced other companies to accept licenses rather than litigate. For example, the Amphenol and Daga litigations resulted in the acceptance of licenses by practically all manufacturers of the connector involved and the payment of substantial damages for prior infringement.

Without taking time for detailed accounting, the gross royalty income record of Hazeltine resulting from the foregoing can be estimated approximately as follows. This includes income from all sources, both within and outside the United States (exclusive of the share of the income retained by companies administering the licensing in countries outside the United States).

Year	Income
1960	$1,084,000
1959	747,000
1958	1,058,000
1957	1,237,000
1956	1,999,000
1955	1,919,000
1954	2,233,000
1953	2,238,000
1952	2,112,000
1951	1,943,000
1950	1,791,000

Royalty income from the domestic radio industry for the years 1926 to 1941 was slightly over $15,000,000. During World War II, the manufacture of civilian radio apparatus was prohibited, but the Government took a blanket license under the Hazeltine patents for military electronic equipment for a lump sum payment of $450,000 per year.

Hazeltine's legal costs in the foregoing have been kept to a minimum by its long standing policy of conducting all its patents affairs with attorneys on its own staff. Since 1947, this has included conduct of litigation. It is believed that this policy has not only increased net profit but also resulted in more successful management of patent problems because it permits the attorneys to acquire a more intimate knowledge of the technological fields involved.

DEFENDANT'S EXHIBIT NO. 33A.

Domestic Patent Licensing Plan Draft.

Any applicant would be offered by letter any or all of the following at the royalty rates indicated. Royalty rates are stated as a percentage of selling price of the licensee's total production of television receivers and chassis. There would be no maxima except where specifically indicated below for specific patents. No maxima for Color at all would apply beyond the date when the maxima under any Hazeltine Color license in effect January 1, 1963 ceases to apply.

Monochrome Only.

		Rate	Max.
Loughren—Keyed AGC	2,547,648	.475	$ 25,000
Richman—Noise Aperture	2,933,558	.285	$ 15,000
Any unspecified patent		.05	

Color Only.

Initial basic charge for any license to apply in addition to the individual percentage rates indicated below, but not in addition to any applicable maxima: .10.

Rates and Maxima for Individual Patents.

A

Loughlin—Shunted Monochrome	2,774,072	1.20	$160,000
Loughlin—Constant Luminance	2,773,929	.25	$ 30,000
Richman—D. C. Quadri	2,954,425	.20	$ 25,000
Loughlin—Matched Phosphor Tube	2,905,749	.05	$ 5,000
Loughlin—2-3 Matrix	2,728,813	.05	$ 5,000
Total		1.75	$225,000

B

Loughren—Keyed AGC	2,547,648	.05
Richman—Noise Aperture	2,933,558	.05
Richman—2 Mode Sync	2,848,537	.05
Richman—Sync ACC-2 Mode	2,922,839	.05
Richman—Cathode Matrix	Patent Pending	.05
		.25

C

Any unspecified Color patent. .05

Rates for Monochrome Packages.

(1) All specified patents. .76
(2) All unspecified patents. .25
(3) All patents. 1.01

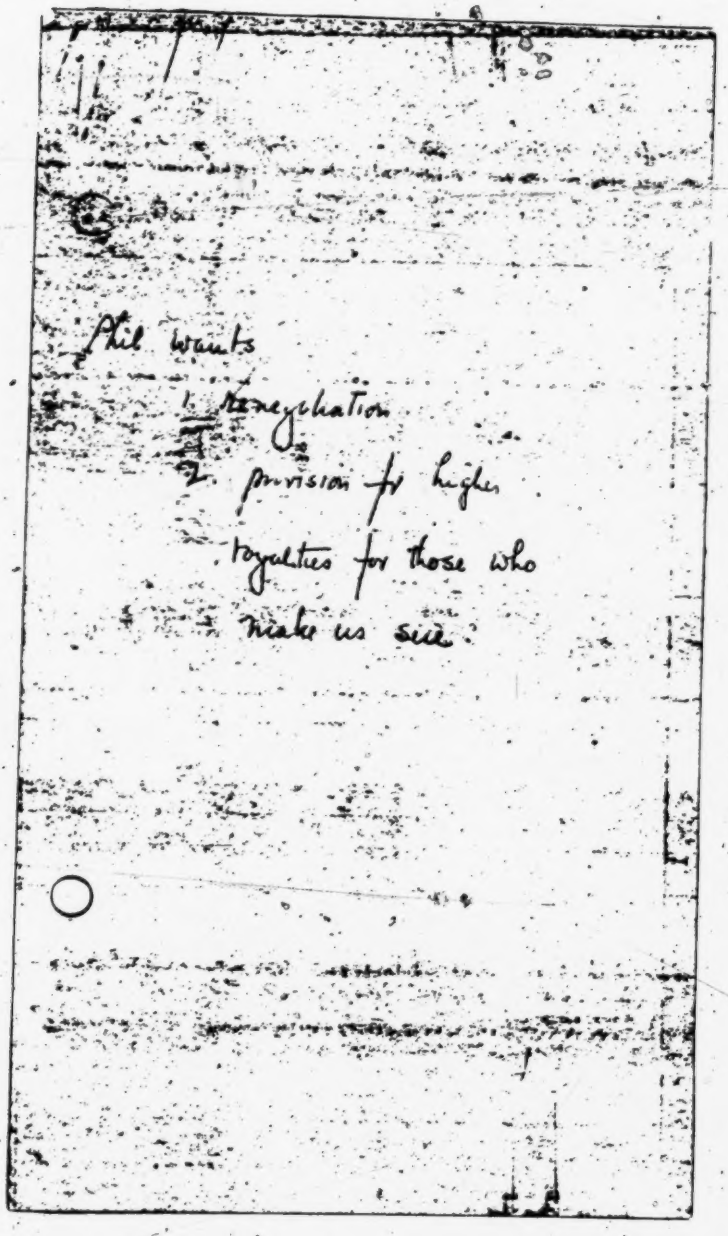
The foregoing Monochrome package rates do not reflect either a basic initial charge or any package discount. They are based on charges under existing licenses, in accordance with an established pattern, for the specific patents individually as indicated above. It is considered that this pattern of licensing is so well established that nó substantial initial charge need be made. It should be borne in mind that these rates apply at this time and for several years to come to a much greater volume of total sales than will be true for Color. However, the maxima establish the actual realization from these patents and have been forced upon us and cannot be departed from at this late date as a practical matter.

Rates for Color Packages Including Basic Charge.

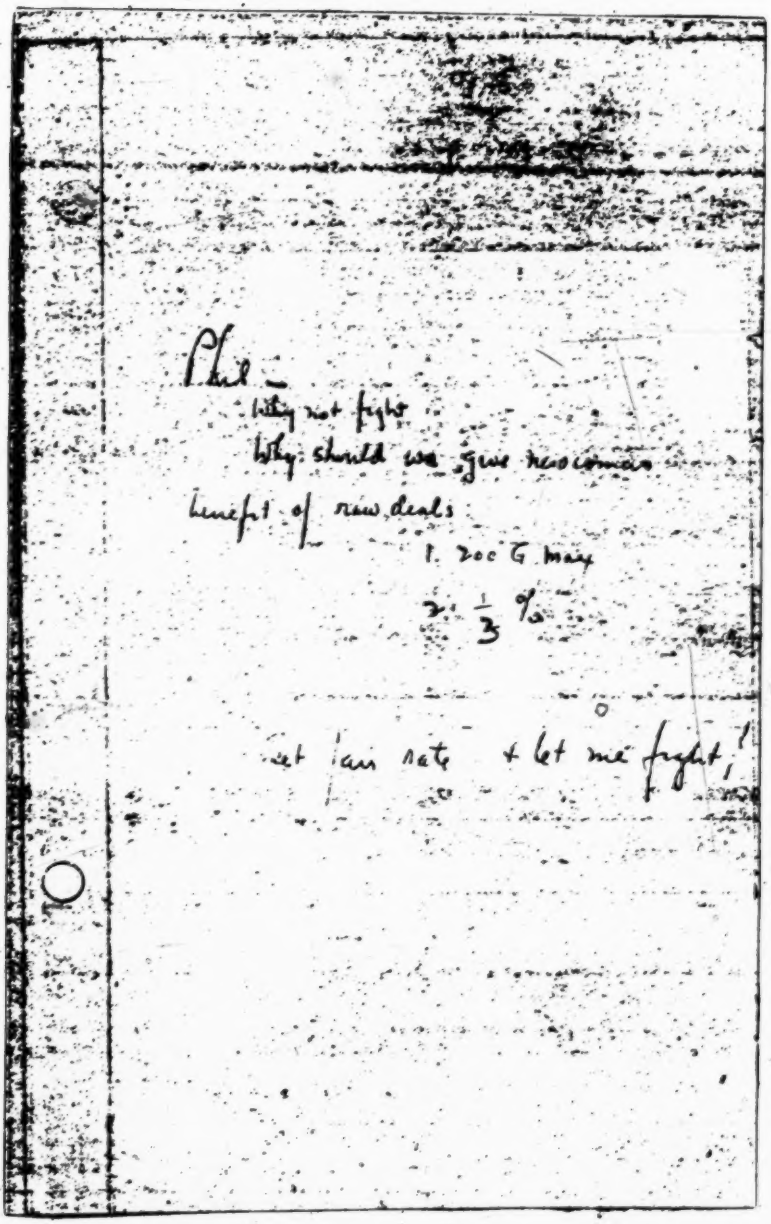
(1) Package of patents listed under A. 1.85
No package discount.
(2) Package of patents listed under B. .35
No package discount.
(3) All patents listed under A and B. 2.00
This reflects a .10 package discount.
(4) Package of all unspecified Color Patents including all future rights. .35
(5) Package of all Color patents including future rights. 2.25
This reflects a .10 package discount.

The foregoing package discounts merely reflect that on the two largest packages, all specified Color, or all Color, the transaction is sufficiently large to consider the initial basic cost is being absorbed in the royalties charged. The practical purpose is to keep the total royalty rate from becoming a higher percentage of a licensee's television set selling price than will be bearable.

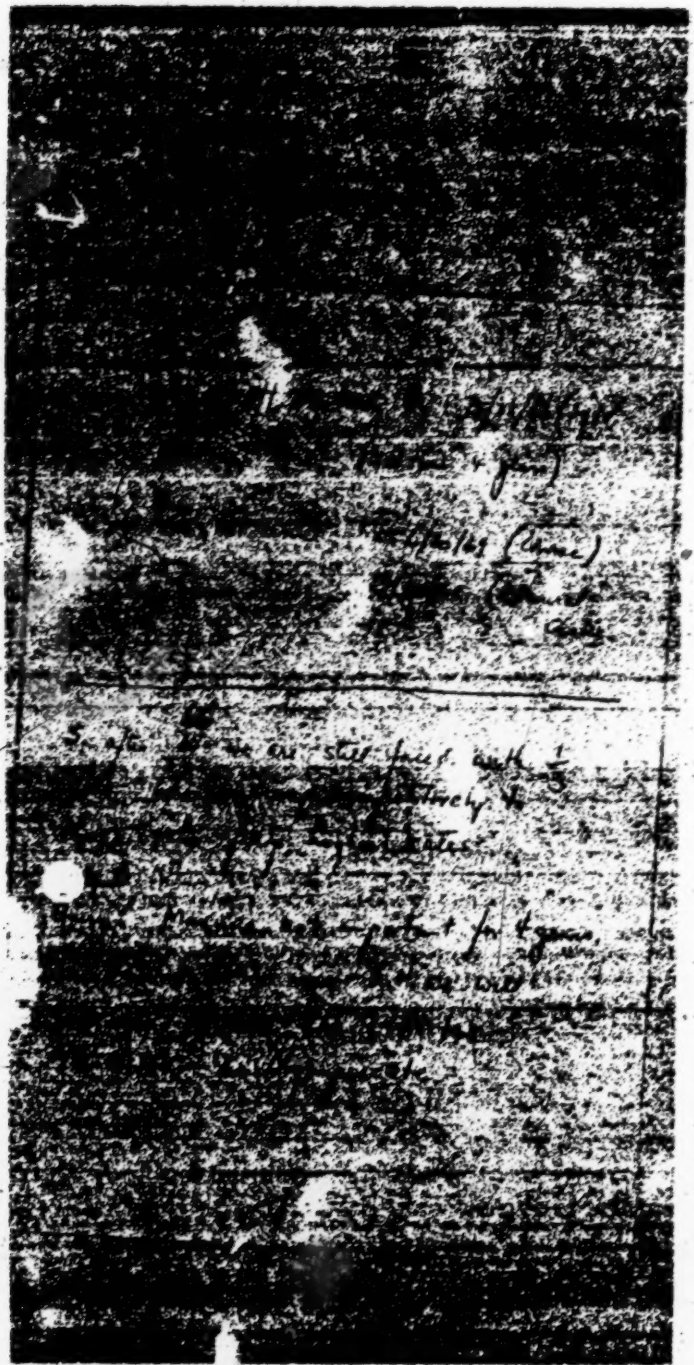
DEFENDANT'S EXHIBIT NO. 33-B.



DEFENDANT'S EXHIBIT NO. 33-C.



DEFENDANT'S EXHIBIT NO. 33-D.



[Printed copy of this Exhibit on reverse side.]

PRINTED COPY OF
DEFENDANT'S EXHIBIT NO. 33-D.

Max get off our back by 12/31/66 (Sylv)
(Less than 4 years)

⅓ rate not until 6/30/69 (Conrac)

12/31/68 (Admiral—
Curtis)

Say after 66 we are still faced with ⅓ rate as handicap competitively to those who pay higher rates.

Quiry: Maxima not important for 4 years.

Should we say no max but we will give you ⅓ rate til 12/31/68?

NO MAX—As Olympic etc.

DEFENDANT'S EXHIBIT NO. 33-E.

[Printed copy of this Exhibit on reverse side.]

PRINTED COPY OF
DEFENDANT'S EXHIBIT NO. 33-E.

E /basic	.10	What is effect of present
Sh. M.	1.20	1.35 .675 .3375 rates?
CL	.25	Answer take either the RCA max or
L&M	.05	something like adding up roughly
Royalty	.05	to a 1.35 .675 .3375 rate
		without max
	1.65	until others expire.

DEFENDANT'S EXHIBIT NO. 34A.

Mr. W. M. McFarland January 24, 1963.
L. B. Dodds

Draft—new HRI License Agreement.

As a result of a discussion between Mr. Ruestow and the writer with Mr. Diggins on January 22, 1963, I should like to modify the proposed schedule of royalty rates set forth in my memo to you of December 6, 1962 on this subject, as follows:

Monochrome TV Receivers.

(1) 60% of the monochrome package rate percentage, lump sum, and minimum annual royalty (for brevity hereinafter collectively called the "package rate") for either of the following patents:

2,547,648—Loughren—Keyed AGC
2,933,558—Richman—Noise Aperture

(2) 90% of monochrome package rate for both of the patents enumerated in election (1).

(3) 10% of monochrome package rate for any other patent alone.

(4) 2% of monochrome package rate for each additional patent (other than those enumerated in election (1) selected in conjunction with elections 1, 2 or 3.

(5) 40% of color package rate for either of the following patents:

2,773,929—Loughlin—Constant Luminance
2,774,072—Loughlin—Shunted Monochrome

(6) 75% of color package rate for both patents enumerated in election (5).

(7) 20% of color package rate for any one of the following patents alone:

2,547,648—Loughren—AGC
2,728,813—Loughlin—Color Matrixing Circuit
2,905,749—Loughlin—Matched Phosphor Tube
2,933,558—Richman—Noise Aperture
2,954,425—Richman—Quadricorrelator

(8) 10% of package rate for each of the patents enumerated in election (7) after the first patent or when taken in conjunction with either of the patents enumerated in election (5).

(9) 2% of color package rate for any other patent in conjunction with any one or more patents selected in accordance with elections (5), (6), (7) or (8).

In the light of our discussion of January 15th 1963, it is suggested that the package annual minimum royalty be set at $10,000 and that the foregoing schedule of percentages of package rate apply also to such minimum.

Mr. Diggins advises that his report and opinion will be forwarded in the next few days.

L. B. Dodds.

LBD:AMR

cc: R. E. Beam
E. A. Ruestow

DEFENDANT'S EXHIBIT NO. 34B.

Still apt to be viewed for
just what we intend it
(– a transparency attempt
to fit them into the package.

---

doesn't meet Diggins' objection
pp 54-55 – still open to
that criticism.

He has made keyed & aperture
less color than black & white

+ So departs from Diggins p46 criterion
that all be based on importance of patent

Hazeltine Research, Inc.
vs. Zenith Radio Corporation
Defendant's Exh. No. 34B
C.A. No. 59-C-1847

DEFENDANT'S EXHIBIT NO. 35.

I. Formula—or License plan which clarifies and eliminates question of "misuse". Arbitration, periodically,—important not only on price but as additional protection against "Misuse".

II. HRI vs. Zenith—All legitimate steps before a final decree.

III. Friendly meetings with Joe and Crotty and if nothing materializes—commence forthwith suit on best color patent or patents.

DEFENDANT'S EXHIBIT NO. 36.

(Executive Use Only)

March 4, 1963
xxx-63 M59

Air Mail

Philip F. LaFollette, Esq.
Messrs. LaFollette, Sinykin, Doyle & Anderson
110 East Main Street
Madison, Wisconsin

Dear Phil:

Enclosed is copy of a complete schedule of patent license color and monochrome rates for (a) one electing to select one or more individual patents, and (b) a series of various combinations of either color or monochrome patents with an overall annual dollar minimum and maximum for each such group as to which the licensee might elect one or more thereof. For example, a licensee may (1) select individual patents and the individual rates, (2) do the same as (1) above as to either color or monochrome and as to the other which he did not select method (1) above, select one or more

of the groups, (3) select only a group as to color or monochrome or (4) select one group for color and another group for monochrome.

This is largely the result of many months of my consideration of the various concepts of others on various aspects of what the industry would buy, the economic and business problems, legal considerations such as to "misuse" of patents and proper wording of clauses, existing status of licenses and negotiations, the internal individual differences and fluctuations of opinion on various points, and how to coordinate and balance all these points and positions into a final position which we would have to take.

It seemed to me early last week that we could wait no longer for agreement on a coordinated and balanced schedule, so my first draft of this schedule was issued last Thursday with copies to L. B. Dodds, E. A. Ruestow and D. Westermann and a meeting called for final action the next afternoon.

Thursday afternoon, Westermann raised two points which he felt were not solved by my first draft, namely,

(1). The only way my draft then provided for any discount for a group of monochrome patents was by virtue of a group including all color and monochrome patents. Of course, he was right on this, so in my second draft groups (III) (C) and (D) were added.

(2). He also felt it could be "misuse" if any more than inconsequential discounts for individual patent rates were offered by way of groupings. My first draft had contemplated this might be solved by agreeing on rates which would draw the two closer together but still leave the group discounts at a point where election of groups could be lawfully encouraged. His view based on his legal research was that this could not be done lawfully. Therefore, my second draft provided for (a) reasonable group minima which if elected by the licensee would change the

deal so that the comparison between individual and group rates could not be determined only by looking at the respective percentages. Since this naturally would tend to discourage election of groups, reasonable maxima were also provided for each group. In the end this satisfied Westermann and Dodds and Ruestow also agreed. (Westermann and Ruestow conferred with Barney Loughlin Friday morning as to possible future developments in the art and we concluded from this we could make no other provision in the license agreement which would be helpful against the unknown future without destroying the "balance" of the schedule).

At the Friday afternoon meeting with Westermann, Dodds and Ruestow, a few minor additional changes and refinements were included by compromise, but also two major changes were accepted subject to your approval of my acceptance of point (2) below. These were as follows:

(1). At the start of the schedule provision was made that all rates, groups, minima and maxima were to be in effect only until January 1, 1968, regardless of the date of any new license. The purpose of this was to aid us in getting away from staggered effective dates, such as those which made paragraph (IV) of the schedule necessary. We know now that, while staggering effective dates was originally helpful, for some years now such has been a tremendous handicap in trying to change rates where the same was necessary or desirable due to changes in our patent position, the state of the industry, and the changing art. This seemed to me to be desirable and hence an acceptable change.

(2). The second change was the elimination of the renegotiation clause. This was important to me because it originally seemed to be valuable both as to resisting claims of "misuse" and as a psychological leverage. The other three conferees were firm in their objections, both

because of non-belief in its value and also because it could be used to handicap the achievement of our avoidance of staggered effective dates as sought by change (1). My agreement in the end was reached because it seemed the only way in which general agreement could be obtained as to an overall coordinated and balanced schedule. However, my agreement was conditioned on your acceptance of this change since I had agreed with you to include the renegotiation feature. Please advise me promptly if you will accept this change, even though reluctantly as in my case.

It also was agreed as follows:

(A). That this schedule (which we all approved) would be (a) incorporated in a letter sent to all with whom we had or were attempting to negotiate licenses, (b) be made Schedule (A) of the appendix attached to all license agreements, and (c) a whereas clause would be added to the license agreement referring to such Schedule (A) and stating that the licensee had received the letter and made his elections and negotiated the license pursuant thereto.

(B). This schedule would be sent to Diggins requesting his approval this week. By telephone he will be requested to give us a letter of unqualified approval this week, and if he cannot so approve, he is to come to New York this week and orally review with us his objections.

(C). Ruestow would then write the new license agreement based on his last redraft of the old agreement, as to which Westermann and myself had spent a tremendous amount of time in reviewing and coordinating the provisions from Contract law experience; but that he would delete (a) any specific obligation to render engineering service and (b) the renegotiation clause, and (c) provide a new simple clause for the elections made by the licensee pursuant to Schedule (A) of the agreement.

(D). The conference with Zenith would be held as you suggested and if unsuccessful a new color suit would be filed against that company.

(E). As soon as we receive your decision, the letter will be sent as referred to above and negotiations begun. It is, of course, understood that if this schedule and approach proves unsaleable to the industry, we will review the situation and come up with something which may be different in one or more respects.

This is rather a long letter, but it is hoped it is complete, since we now seem to be on the track so as to be able to proceed full speed ahead. Please advice me promptly either by letter or telephone.

Best regards.

Sincerely,

WMM:fs
cc: L. B. Dodds
E. A. Ruestow
D. Westermann
R. L. Beam

DEFENDANT'S EXHIBIT NO. 37.

Hazeltine Corporation
Board of Directors Meeting

March 20, 1963

Report submitted by E. A. Ruestow

Report on HRI and HC Licensing Activities for the month ending March 20, 1963.

New Television License

A new schedule of television license terms has been worked out and is now being announced to the industry by letters to all manufacturers. It is in outline form for negotiation purposes and will be followed up with a formal standard contract, the first draft of which has already been written.

Without going into too much detail, the schedule provides roughly as follows:

1. An offer to license all patents individually at rates varying with their present estimated value.
2. An offer to license patents in three different groups in color and 2 groups in black and white—depending on the need of the licensee and ranging from all our patents, present and future, to those now needed only for color or only for monochrome.
3. If the groups are selected by any one color licensee he obligates himself to minimum annual royalties ranging from $100,000 to $135,000 and maximum annual royalties ranging from $275,000 to $310,000—the figures are much less if he is making only black and white receivers because of our weaker black and white position.
4. All rates are established only to January 1, 1968 although the license will have a 5 year duration.
5. Until the present RCA license expires June 30, 1966, no licensee making both color and black and white will pay more than RCA, i.e., $200,000 annually. If he is in black and white only, he will have a $50,000 maximum until February 1, 1965.
6. For the color licensee with small production (e.g. 20,000 sets annually), the schedule is so arranged that he will probably choose individual patents and pay close to the minimum of $100,000—again less for black and white.
7. The schedule has been approved unqualifiedly by outside and inside counsel from the legal standpoint.

State of the Color Market

You realize, of course, that our attention is directed mainly to the rising color market.

In this connection, I have an interesting summary from the trade press this month which you can take for what it is worth as someone's latest guess as to the state of the industry.

First and of utmost interest to us, it reports that RCA

has announced that it will cease supplying the rest of the industry with color sets by the end of this year. This solves a difficult problem for us.

Secondly, it lists 19 manufacturers who are now making color or will do so this year. That list can be slightly over 20 because of well known omissions such as RCA. Of course, many of these, perhaps at least half of them, will have only small production and I suppose many will not withstand the long range competitive struggle.

At least it shows that many people want to get into the act.

The trade press (TV Digest March 18, 1963) also reports a survey of 14 leading TV manufacturers a few months ago. The consensus of opinion is that color set sales will increase in 5 years to between 2.2 and 2.5 million as against the 1962 figure of around 400,000. This far exceeds our previous guestimates.

Income

My crystal ball is no better than anyone else's. But on the basis of the foregoing, I am hoping for a considerable rise in HRI income in the next 2 or 3 years. If the rates I discussed hold up and these 20 manufacturers really get into the act as guessed, HRI income should go back to the $2 million level in 5 years.

• • • • •

I do not recall whether I mentioned a figure when I last reported AGA 1962 results. Anyway, I can now state that we received last week their check for $238,264.13 for 1962. This is a whopper compared to what we anticipated.

HRI Expansion

We in HRI are at work on a plan for expansion of HRI to keep it abreast of and ahead of technical changes in the television field. We foresee a number of realistic possible

changes such as integrated circuits. I assure you we will Keep the plan well within income and time it to grow as income justifies. The plan will be presented to management shortly.

E. A. Ruestow.

DEFENDANT'S EXHIBIT NO. 38.

Problem For Special Consideration.

It is understood that several companies are actively engaged in research, a probable result of which will be that starting with production approximately two years hence an alternative color television set design involving the use of a single gun tube instead of the present three gun tube will be available. The result of such design would be that the key Hazeltine patents listed under A above would be of no importance to manufacturers using an alternate design. They would be in no danger of successful suit for infringement by Hazeltine under any of the patents listed in A above. However, there are approximately ten of the unspecified Hazeltine patents which would then become key patents in manufacturing television sets in accordance with the alternate design.

It is expected that any manufacturers negotiating with Hazeltine for production starting any time within the next two years would need a license under at least the Shunted Monochrome and Constant Luminance patents listed under A. They would therefore be paying a royalty of 1.55 ad if their production achieved any volume they would be paying a maximum of at least $190,000 a year. If any such manufacturer took the package of unspecified Color patents he would be paying a royalty rate of at least 2.00 and a maximum sale amounting to at least $190,000 if his production achieved any volume. Under the Hazeltine system

of applying the royalty percentage to the selling price of the manufacturer's television sets regardless of what Hazeltine patents, if any, are used in the particular sets (in accordance with Hazeltine v. Automatic Radio) it would not make any practical difference in Hazeltine's income if he switched to the alternate single gun tube television set design and used ten or so of the unspecified patents instead of the patents listed under A above.

However, a company which may not plan to go into Color production for another two years, and which according to its present planning might well produce Color sets starting more than two years hence using the alternate single gun design, could, under the foregoing licensing plan, obtain a real bargain from Hazeltine by immediately taking a license for only the package of unspecified Color patents for a total royalty of .35. This royalty would result in no payments to Hazeltine during the next two years and until his color production started. If then, he started producing Color sets in accordance with the alternate single gun design, he would only have to pay Hazeltine .35 for the key Hazeltine patents making his production possible, and he would have no use for the higher priced patents listed under A above. Some protection against this could be introduced into the above licensing plan by applying a flat sum maximum charge for the unspecified Color patents. However, in fairness to licensees taking the total package of Hazeltine Color patents its does not appear that this could exceed $20,000 bearing in mind that such licensees would already be paying a maximum of $20,000 in fairness to licensee taking the entire Hazeltine Color package.

Another form of protection would be to withhold all Hazeltine Color patents for the present except those specifically listed under A and B above. It is believed that at the present time the only real value in taking the unspec-

ified patents for any licensee seriously applying for a license under patents under A and B above would be to obtain insurance against any danger of Hazeltine i[illegible]ingement action. It may be that one or more serious licensee will insist upon such protection and it may in such case be absolutely necessary to offer licenses under all Hazeltine Color patents, present and future. There has been one remark to the effect that there would be such a requirement, in a casual comment by Zenith counsel to Mr. Ruestow. RCA and Olympic have such licenses but as to RCA it should be remembered that in view of the low ceiling applied to it there was no reason for it not to take the entire package. Mr. Ruestow's negotiations with G. E. to date have not indicated that they would require a license under any patents other than specified patents indicated by them. In Monochrome, the present pattern is only to take the two basic patents and the licensees have not concerned themselves about insurance against Hazeltine infringement action on other patents, although that situation may not be fully comparable.

Of course if all of the patents are offered initially, and under subsequent technological developments certain Hazeltine patents become important for the single gun system, instead of the patents listed under A above, they could be offered at substantial rates to new comers, and they could be substituted at substantial rates for patents listed under A above under the provisions for reopening and renegotiation in the licenses.

* * * * *

Upon decision as to the licensing plan for rates, maxima, packages, etc. to be used, Messrs. Ruestow and Westermann will prepare a standard letter to be used to initiate discussions with any applicant for a license. It will list individual patents with rates, and maxima if applicable, and packages with package rates as indicated above, for selection as desired by the applicant.

Mr. Ruestow and Mr. Westermann will then review the Ruestow September 10, 1962 draft and will prepare a new draft license agreements to be based as closely as possible on that September 10, 1962 draft consistent with the plan decided upon. It is contemplated that the licensee agreement would contain only one schedule listing the patents actually selected. In the preamble there would be a recitation that the licensee had made the selection and agreed upon the rates, and any maxima applicable, on the basis of Hazeltine's letter dated ....., Serial ....., which would be the standard Hazeltine offer.

DEFENDANT'S EXHIBIT NO. 38-A.

(Letterhead of The General Electric Co., Ltd., Kingsway, London, W. C. 2.)

1st December, 1952.

L. B. Dodds, Esq.,
Hazeltine Corporation,
58-25, Little Neck Parkway,
Little Neck,
Long Island,
New York,
U. S. A.

Dear Mr. Dodds,

I hope that you have had a safe and enjoyable voyage home, and that the weather was not too rough. Since you left England, I have prepared three draft Agreements, putting into formal wording the effect of what was agreed when you were over here, as summarized in our letter of the 20th November.

I accordingly enclosed a copy of the new proposed Pool Agreement, Service Agreement and U. S. A. License Agreement, and should be most grateful to hear from you as soon as possible whether you find yourself in agreements with the wording. As far as possible, I have followed the set-up of the previous Agreements, but as arranged the new Agreements stand on their own feet, and are not expressed in the form of extensions of the previous Agreements, since it seemed to me—and I think you agreed when you were in England—that this was the simplest way of doing it, because by reference back to the old Agreements with their various extensions, it would make the matter extremely complicated. All three Agreements are expressed to operate as from the 1st January, 1953 and to terminate five years later viz: on the 31st December, 1957.

I would particularly ask you to check the address which I have given for Hazeltine. This, I think, follows what was set out in the last Extension Agreement which you recently approved, and which as a matter of fact is still before our Treasury for their final approval, which describes you as having your principal place of business at 58/25, Little Neck Parkway. Mr. Cornock is not certain whether Little Neck is your principal place of business, as he believes that your registered office is still Washington. Would you, therefore, be kind enough to carefully consider whether we have described your address correctly.

I think the drafts speak for themselves, but perhaps I should make a few comments.

Pool Agreement.

Since you left England, I have had one or two conversations with Mr. Dale-Harris on the telephone, and I received late last Friday, an Agreement for our signature whereby G. E. C. becomes a Joining Party to the A.7 Pool.

In this Agreement G. E. C. represents that it can put into the Pool not only G. E. C.'s own Patents but also those of Hazeltine and are allowed 12 points as against E. M. I.'s 100, but contemporaneously E. M. I. will give us a covering letter agreeing to pay to us out of their own share of the Pool, an amount equal to the additional amount to which G. E. C. would be entitled by way of share in the Licencing Revenue Pool had the number of points allotted to G. E. C. been 17 instead of 12. Mr. Heather informed Mr. Dale-Harris that if towards the other Pool Members, E. M. I. felt they could only justify allotting to G. E. C. (and Hazeltine) 12 points, he would not object to this amount appearing in the formal Agreement provided, of course, that E. M. I. made up the total number to 17.

The definition given to the words "radio apparatus" is the same as that appearing in the A.7 Pool. With regard to Clause 5, I have endeavoured to put in more formal wording the intention of the third paragraph of our letter of the 20th November. I did not find this Cause at all easy to draft, but I hope you will find yourself in agreement therewith.

You will find that in Clause 7 I have slightly elaborated what was covered in the penultimate paragraph in our letter of the 20th November, because since the operation of Clause 5 is dependent upon not only your 40% share of what we receive from the Pool, but the amount of income tax which you are able to claim a refund in respect thereof, the refund may be affected not only by a change of Laws, but also by your doing or failing to do something which might affect your being able to obtain that refund.

Service Agreement.

This follows so closely the original Agreement, that I hardly think it is necessary for me to make any comment thereon.

U. S. A. Licence Agreement.

This previously was made entirely dependent on the Service Agreement, but I think it really would be better to let it stand on its own feet, and run for the said agreed period of five years. I have slightly amended, but merely for clarity's sake, the set-up of this Clause 1, but I think in substance you will find it the same.

With regard to Clause 2, since it has been the practice—although it was not so specifically provided under the original Agreement—that the Patents which you apply for in respect of our inventions are subsequently assigned into your name when granted, it seemed to me desirable that one should provide that upon the termination of the Agreement, these Patents should be re-assigned to us if we so desire. I believe that Mr. Cornock will be communicating with you on the telephone, a further explanation about this point, it being one which we had some experience with in another direction.

I shall be grateful to hear from you as soon as possible, because when the text has been agreed between us, I shall then immediately apply to the British Treasury for permission to enter into these Agreements, and will have to submit copies to them, and I am sure that you would wish, if possible, to get them signed as near a date to the 1st January 1953 as can possibly be managed. Incidently, it may mean a slight revision to the recitals if the Agreement is signed before or after the 1st January 1953. For instance in the Pool Agreement in the first recital, one might have to say instead of "these Agreements will terminate on the 31st December 1952" that "these Agreements have terminated on the 31st December 1952".

With kind regards.

Yours sincerely,

K. H. Nalder

DEFENDANT'S EXHIBIT NO. 38-B.

Via Air Mail December 12, 1952.

Mr. K. H. Nalder,
The General Electric Co. Ltd.,
Magnet House, Kingsway,
London, W. C. 2, England.

Re: Hazeltine—G. E. C.
Draft Agreements

Dear Mr. Nalder:

This will acknowledge with thanks your letter of December 1, 1952, and the enclosed three draft Agreements covering the relationships between our companies for the duration of the A.7 Pool. I regret that this reply has been delayed by the fact that your letter arrived last week while I was in Chicago for the week.

Mr. Binns and I have carefully reviewed the three draft Agreements and find them generally quite satisfactory. There are just a few comments which I should like to offer for your consideration.

With respect to the address of Hazeltine, we believe that it would be preferable from the standpoint of our local taxation problems to refer to Hazeltine Corporation as "having a registered office at 821 National Press Building, Washington 4, District of Columbia, U. S. A." A considerable amount of our dealings in this country are through that office although we would prefer that you correspond with us here at Little Neck.

Pool Agreement

I can appreciate the difficulties you encountered in drafting the language of certain of the clauses of this Agreement but I believe you have stated very clearly and succinctly the substance of our letter of November 20, 1952.

In Clause 3 of this draft Agreement, I would suggest the following insertion at the beginning of the Clause:

"During the continuance of this Agreement . . ."

The purpose of this insertion is to make certain that the immunity granted is limited to the period of the Agreement.

In Clause 7, I should like to suggest the rewording of line 1 as follows:

> "In the event of a failure to obtain the approval of the British Treasury to the payments specified in Clause 4 hereof or in the event of there being a change in the laws or regulations relating . . ."

The purpose of this insertion is that the grant of rights by Hazeltine to G. E. C. under Clause 1 is unconditional while the obligation of G. E. C. to make payments to Hazeltine under Clause 4 is conditional. Therefore, if the condition of Clause 4 should fail, obviously there should be an appropriate negotiated modification.

Service Agreement

Clause 1.(c) should be deleted. The general bulletin service there referred to was discontinued a number of years ago and since that time information has been supplied to our foreign associate companies, including your company, on an individual basis.

U. S. A. License Agreement

We are entirely agreeable to the reassignment of the patents and patent applications which we acquire under this Agreement upon the termination of the Agreement subject, however, to one possible exception. As you may know, it is the practice of Hazeltine to grant a standard five-year license under all of its present and future patent rights. These five-year licenses do not run concurrently but are staggered so that should the Agreement between our com-

panies be treminated for any reason, as of such date of termination we would have a number of licenses in existence in this country having periods of from one to five years to run. It might be quite embarrassing to cut off such licensees' rights in inventions derived from your company in the middle of their license period. Therefore we should like to offer for your consideration the addition at the end of Clause 2 of this Agreement of the following:

> ". . . excepting non-exclusive license rights which the corporation may have granted in conjunction with license rights under its own invention rights which may be outstanding upon the aforesaid termination."

You understand that our License Agreements are very similar to the Pool License in that they are blanket licenses under all of our patent rights with no portion of the royalties specifically allocable to any patent or patents. Therefore, the patent rights which Hazeltine might acquire from your company under this Agreement would not represent a source of additional revenue to it.

We would not want to delay the completion of these Agreements by insisting upon this inclusion at this time if you consider it unequitable or if it is in any way in conflict with any commitments which your company might have. In such event, I suggest that the U. S. A. License Agreement be executed in its present form with the view of settling this particular point equitably at a later date.

Again, I should like to express our sincere appreciation of your prompt attention to these draft Agreements and your generous cooperation in this matter.

With kind regards.

Sincerely,

Vice President.

LBD:cf

DEFENDANT'S EXHIBIT NO. 39-A.

April 17, 1958.

E. H. McDermott, Esq.,
111 West Monroe Street,
Chicago 3, Illinois.

Re: Trav-Ler.

Dear Ed:

Enclosed is a letter of which I am sending a copy to Jack Cusack. A copy of this letter is not being sent to him for reasons which I am sure you will understand.

Mr. Friedman has learned (undoubtedly from a source I am sure we both know) about our temporary arrangements with Magnavox, RCA, and Packard-Bell and he takes the position that these are short-term licenses and, therefore, more favorable to the licensee than his five-year license. He also knows that Westinghouse has not taken a license or paid royalties since the expiration of its last license on June 30, 1957, and similarly that Emerson has not paid royalties since the expiration of its license on December 31, 1957. As you know, we are still negotiating with both of these concerns for a new license but Friedman brushes that aside and asserts that we are not doing anything about non-licensed manufacturers.

In addition to the factors mentioned in my other letter weighing in favor of suing promptly, there are also some factors which might favor postponement of such a suit. In the first place, Friedman now seems to be very much confused in his thinking, influenced no doubt by his intense animosity against RCA, and he may have calmed down before his license expires on June 30, 1959. This could be true, particularly if we are successful in selling our new license generally to the industry by that time.

Secondly, if we wait until after the termination of the license and are still unable to persuade him to pay up and take a new license we could then bring suit for such royalties and concurrently sue him for infringement. This double blow might be enough to persuade him to settle.

The third factor is that the RCA indictment is still fresh in everyone's mind and, as you know, Hazeltine was named as a co-conspirator. Admiral has raised the point whether or not Hazeltine is tarred by the same brush as RCA so that the Hazeltine license is made unenforceable. I am confident that there is no merit in this position and I believe that I satisfied Admiral in this respect, but there is still a possibility that this might be raised as a defense to a suit against Trav-Ler at this time. As time goes on this threat will probably diminish.

Therefore, if all possible, I would appreciate an opportunity of discussing this question with you before the H. R. I. meeting on May 6, say about 10:30 or 10:45. Would you let me know whether this would be convenient. Also, if you have any questions or if there are any additional factors which you would like, please let me know.

Sincerely,

President.

LBD:CBS

Enclosure

cc: W. O. Swinyard.

DEFENDANT'S EXHIBIT NO. 39-B.

(Letterhead of McDermott, Will & Emery, Chicago 3)

Mr. L. B. Dodds, President,
Hazeltine Research Corporation,
59-25 Little Neck Parkway,
Little Neck 62, New York.

May 6, 1958

Dear Larry:

Confirming our discussion at the directors' meeting this morning with reference to your letter of April 17th relative to the Trav-Ler matter, the consensus of opinion, with which I agree, appeared to favor tabling for the time being the bringing of a suit against this licensee.

Psychologically it was felt that our litigation position would be improved if we can sign up two or three additional licensees before instituting suit. Also, in view of Friedman's apparently deep resentment against RCA, there might be some advantage in letting a few months elapse before any suit, in the thought he might be less likely to urge in defense the co-conspirator allegations in the RCA indictment. Since any suit would be in the state courts where he might be given a jury trial, we might be harmed if the RCA indictment were brought to the jury's attention.

The Illinois courts are very congested so an early judgment is unlikely in any event.

I would suggest that we keep in touch with Trav-Ler's financial position. Should there by any indication of financial deterioration or should any new factors, emerge, we should be prepared to reconsider and, if advisable promptly bring suit.

All good wishes.

Cordially yours,

EHM:GL

Ed.

DEFENDANT'S EXHIBIT NO. 41.

An Agreement made the 5th day of September, One thousand nine hundred and thirty three Between Hazelpat Limited a Company incorporated in England and having its Registered Office at St. Michael's Alley Cornhill in the City of London (hereinafter called "Hazelpat") of the one part and the Hazeltine Corporation a Corporation organized and existing under the Laws of the State of Delaware in the United States of America and having its principal place of business at 15 Exchange Place Jersey City in the United States of America (hereinafter called "Hazeltine") of the other part.

Whereas Hazeltine are now and may in the future further become possessed of certain British Patents and Patent Applications in respect of Inventions relating to Wireless Reception and Apparatus (including Valves) for use in connection therewith which said Patent Protection Hazeltine are desirous of exploiting within the British Isles (as more particularly defined hereafter) for the purpose of obtaining Royalties therefrom.

Now It Is Hereby Agreed as follows:

1. In consideration of the sum of Five shillings now paid by Hazelpat to Hazeltine (the receipt whereof is hereby acknowledged) Hazeltine hereby grants to Hazelpat full and complete power and right to grant in the name and as the Agent of Hazeltine non-exclusive non-assignable licenses for the British Isles in respect of all British Letters Patent now owned or controlled by Hazeltine and all future British Letters Patent to which Hazeltine may become entitled or control during the period of these presents at Royalties to be determined by Hazeltine Provided Always that no such License shall be for a period extending beyond the First day of August One thousand nine hundred and

forty, Hazeltine further grant to Hazelpat the right to prosecute or continue all actions oppositions Petitions and like proceedings in the name of Hazeltine in connection with the Letters Patent or applications for Letters Patent within the scope of these presents against any parties resident or domiciled within the British Isles. No such License shall be granted nor such action or like proceeding be taken save upon the unanimous consent of all the Directors of Hazelpat Provided that the consent of the Directors of Hazelpat nominated by Hazeltine shall be deemed to have been given in any such case if and when a majority holding of the voting Capital Stock of Hazeltine shall be held by or on behalf of the Radio Corporation of America or the Marconi Gramophone Standard Pool.

2. All costs charges and expenses incurred within the British Isles in respect of the maintenance or renewal of any existing British Letters Patent or Application for Letters Patent owned or controlled by Hazeltine during the period of these presents and of applying for and obtaining any further Letters Patent within the scope of these presents shall be payable by Hazelpat but nothing herein contained shall interfere with or otherwise affect the liberty and/or authority of Hazeltine to take all such steps as in the opinion of Hazeltine are reasonably necessary to secure or maintain the grant of any Letters Patent hereunder.

3. All costs, charges and expenses incurred within the British Isles subsequent to June 8th 1933 in respect of any action opposition petition or like proceeding within the scope of these presents shall be borne by Hazelpat.

4. If Hazelpat shall after payment of any sums falling due under Clauses 2 and 3 hereof of current operating expenses and of any loans advanced to Hazelpat and a sum sufficient to provide all reasonable working capital and requirements be possessed of any cash balance the same

shall be paid over quarterly to Hazeltine in consideration of the grant of the power to grant licences contained in clause 1 hereof.

5. In the determination of the Royalties as contemplated in clause 1 hereof Hazeltine agree that the royalties reserved in licences hereunder granted by Hazelpat to either the Philco Radio and Television Corporation of Great Britain Limited or Majestic Electric Company Limited shall not exceed the lower of the following that is to say:

(a) That reserved in the Contracts authorising the United States of America Affiliates of the said Companies to manufacture and sell similar apparatus on the same terms and conditions under the corresponding United States of America Patents.

(b) That reserved in any licence to operate manufacture or sell similar apparatus under similar terms and conditions hereafter within the British Isles under the said Patents.

and Hazelpat agree to grant upon demand a License in the form adopted by Hazelpat as its uniform form to either or both of the said proposed licensees at the said Royalties.

6. If at any time Hazeltine shall be in default in payment of any sums to Hazelpat of a like character to sums paid by Philco Radio & Television Corporation of Great Britain Limited and/or Majestic Electric Company Limited Hazeltine hereby authorise Hazelpat to grant to Philadelphia Storage Battery Company and Grigsby-Grunow Company a good discharge and receipt for any sums for royalties due to Hazeltine on account of apparatus sold in the British Isles and which may be paid to Hazelpat instead of Hazeltine which in the aggregate shall not exceed the sum whereby Hazeltine is in default hereunder.

7. This Agreement and all matters relating thereto shall

be construed and take effect in accordance with the laws of England.

In Witness whereof the Companies parties hereto hath caused these presents to be executed in manner legally binding upon them respectively the day and year first above written.

The Common Seal of Hazelpat Limited was hereunto affixed in the presence of:

/s/ (illegible.)
Director,

/s/ (illegible.)
Director,

W. R. Paige,
(Seal.) *Secretary.*

The Common Seal of Hazeltine Corporation was hereunto affixed in the presence of:

/s/ (illegible.)
Director,

John R. Burns,
Director,

R. C. Keugeschiel,
(Seal.) *Secretary.*

Dated 5th September 1933.

Hazelpat Limited
and
Hazeltine Corporation.

Agreement.

Faithfull Owen & Fraser,
St. Michael's Alley,
E.C. 3

DEFENDANT'S EXHIBIT NO. 42.

Magnet House,
Kingsway, London, W. C. 2,
31st May 1938

Heads of Proposed Agreement.

1. G. E. C. to have royalty free license in Great Britain, Northern Ireland and Eire, for a period of Agreement for all present and future patents belonging to Hazeltine. If Hazeltine acquire patent rights from third parties (other than members or employees of their organization), G. E. C. shall be entitled to acquire similar rights under such patents on equitable terms. The rights granted to G. E. C. relate to receivers for broadcast radio and to television transmission and reception.
2. G. E. C. to have the right to sue infringers under the British Hazeltine Patents at its own cost and to receive any recoveries arising therefrom. G. E. C. will act in conjunction with Hazeltine in any infringement or revocation actions as far as possible, and will consult with Hazeltine thereon.
3. G. E. C. shall have complete freedom to use the British Hazeltine Patents as a bargaining asset in order to secure entry into the Pool as a Licensor, or the use of Patents for the purpose of licensing third parties.
4. The period of this Agreement shall be for five years from the 28th August 1938 or for the length of the new Pool to be formed in or after August 1938, whichever is the longer.
5. G. E. C. shall pay Hazeltine £5,000 per annum and 50% of the net income received by it from the Pool. If the G. E. C. enters a Pool on such terms as not to derive

an income therefrom, G. E. C. will pay to Hazeltine in each year, in addition to the £5,000 per annum, a sum equal to 10% of the difference between the said £5,000 and the royalty that would have been payable to the present Pool on the sale of sets in each such year had they been sold under the A.4 License, but such payment shall not exceed a maximum of £500.

6. If the G. E. C. does not succeed in entering the Pool as a Licensor, then G. E. C. will discuss with Hazeltine the division of any net income remaining to the G. E. C. as a result of the grant of any other Licenses under Hazeltine Patents.
7. During the above period the G. E. C. shall continue to receive service as at present but no charge shall be made to the G. E. C. for such service. In return the G. E. C. will inform Hazeltine of its inventions in the field of this Agreement and Hazeltine shall have the benefit of G. E. C.'s inventions for the field of this Agreement and shall be entitled (but subject to prior obligations of the G. E. C.) to file and prosecute in the U. S. A. applications for patents for such inventions. No payment shall be made by Hazeltine to G. E. C. in respect of the first ten patent applications filed by the former under this arrangement in each year, but Hazeltine shall pay to G. E. C. two hundred dollars in respect of each patent application in excess of ten filed by Hazeltine in any year. G. E. C. shall have a full licence in respect of any such inventions.
8. Philco have a licence under Hazeltine patents until 1940, and are thereafter entitled to a licence under Hazeltine patents on terms to be communicated to G. E. C.
9. The existing licence to Hazelpat Limited will be terminated on or before the 28th August 1938.

/s/ Jack Binns
/s/ G. W. Heather.

DEFENDANT'S EXHIBIT NO. 43.

(b) sub lic rts to GEC (effective 8/28/30 to 12/31/44).

An Agreement made the 6th day of April. One thousand nine hundred and thirty nine between the Hazeltine Corporation a Corporation duly organized and existing under the Laws of the State of Delaware in the United States of America and having its principal place of business at 15 Exchange Place Jersey City in the State of New Jersey United States of America (hereinafter called "the Corporation") of the one part and The General Electric Company Limited a Company incorporated in England and having its registered office at Magnet House Kingsway in the County of London (hereinafter called "the Company") of the other part.

Whereas the Company hold a sole and exclusive Licence from the Corporation under all present and future Patents belonging to the Corporation relating to Receivers for broadcast radio and to television transmission and reception as therein set out.

Now It Is Hereby Mutually Agreed between the parties as follows

1. For the consideration hereinafter mentioned the Corportation hereby grant unto the Company the right to utilise the Hazeltine Patents hereinbefore referred to for the purpose of securing entry as a Licensor into any British Wireless Broadcast Pool which may be formed on such terms as the Company may deem proper or otherwise to deal with the said Patents by way of granting Sub-Licences thereunder and generally to utilise such rights for the pur-

pose of consolidating the position of the Company in the Radio Industry and carrying on business in radio and television.

2. This Agreement shall be deemed to take effect as from the Twenty eighth August One Thousand nine hundred and thirty eight and shall continue until the thirty first December One thousand nine hundred and forty four as consideration for the rights granted by the Corporation to the Company hereunder the Company will pay to the Corporation the sum of Fifteen thousand eight hundred and thirty three pounds in six annual installments of Two thousand five hundred pounds each and a final payment of Eight hundred and thirty three pounds.

3. In the event of the Company securing entry as a Licensor into any British Wireless Broadcast Pool the Company will pay to the Corporation as further consideration hereunder fifty per centum of the net income received by the Company from the Pool. If the Company enters a Pool on such terms as not to derive a net income therefrom the Company will pay to the Corporation in each year in addition to the amount provided for a sum equal to ten per centum of the difference between a sum of Five thousand pounds and the royalty that would have been payable to the expired Marconi Pool on the sale of sets in each year had they been sold under the A4 Licence of such Pool but such payment shall not exceed a maximum of Five hundred pounds.

4. In the event of the Company not entering such a British Wireless Broadcast Pool as a Licensor they will confer with the Corporation as to the division of any net in-

come remaining to them as a result of the grant of any Sub-Licences under the Hazeltine Patents.

In Witness whereof the parties hereto have executed these presents in manner legally binding upon them the day and year first above written.

The Common Seal of Hazeltine Corporation was hereunto affixed in the presence of:
(Signatures Illegible),
Directors,
(Signature Illegible),
Secretary.

(Seal)

The Common Seal of the General Electric Company Limited was hereunto affixed in the presence of:

.....,
.....,
Directors,
.....,
Secretary.

(Seal)

DEFENDANT'S EXHIBIT NO. 44.

(d) lic to Haz (effective 8/28/38 to 12/31/44).

An Agreement made the 6th day of April. One thousand nine hundred and thirty nine between the Hazeltine Corporation duly organized and existing under the Laws of the State of Delaware in the United States of America and having its principal place of business at 15, Exchange Place, Jersey City in the State of New Jersey, United States of America (hereinafter called "the Corporation") of the one part and The General Electric Company Limited a Company incorporated in England and having its registered office at Magnet House, Kingsway in the County of London (hereinafter called "the Company") of the other part.

Whereas by an Agreement of even date herewith (hereinafter called "the Service Agreement") made between the parties hereto arrangements have been made for the Corporation to give to the Company technical service in connection with Sound Broadcast and Television Transmission and reception.

And Whereas in connection with such arrangements it has been further agreed between the parties hereto as follows:

1. Whilst the Service Agreement is in force the Company agrees to inform the Corporation from time to time of its inventions in connection with the subject of the Service Agreement and to give to the Corporation the benefit of such inventions for the field of that Agreement and the Corporation shall be entitled (subject to prior obligations of the Company) to file and prosecute in the United States of America Applications for Patents for such inventions. No payment shall be made by the Corporation to the Com-

pany in respect of the first ten Patent Applications filed by the Corporation in pursuance of this arrangement in each year but the Corporation shall pay to the Company Two hundred Dollars in respect of each Patent Application in excess of ten filed by the Corporation in any year. The Company shall have a free License in the United States in respect of any such inventions.

In Witness whereof the parties hereto have executed these presents in manner legally binding upon them the day and year first above written.

The Common Seal of Hazeltine Corporation was hereunto affixed in the presence of:
(Signatures Illegible),
Directors,
(Signature Illegible),
(Seal) *Secretary.*

The Common Seal of the General Electric Company Limited was hereunto affixed in the presence of:
.....,
.....,
Directors,
.....,
(Seal) *Secretary.*

DEFENDANT'S EXHIBIT NO. 45

Dodds Dep. Ex. 132.

7/24/45 extension Agr F
(a) to 12/31/49
(b) to 12/31/47
(c) to 12/31/49
(d) to 12/31/47

Dated 1945

Hazeltine Corporation

and

The General Electric Company Limited

Agreement

Faithfull, Owens & Fraser,
St. Michael's Alley,
Cornhill.

An Agreement made the 24th day of July, One thousand nine hundred and forty five between Hazeltine Corporation a Corporation duly organized and existing under the Laws of the State of Delaware in the United States of America and having its principal place of business at 821 National Press Building Washington, D. C. United States of America (hereinafter called "the Corporation") of the one part and The General Electric Company Limited a Company incorporated in England and having its registered office at Magnet House, Kingsway in the County of London (hereinafter called "the Company") of the other part. Whereas on the Sixth day of April One thousand nine hundred and thirty nine, four Agreements were entered

into between the Corporation and the Company relating to the following matters, videlicet:

(a) A License, from the Corporation to the Company under certain Letters Patent and the consideration to be paid therefor

(b) The right for the Company to utilize the above License in certain manners as therein set out for the consideration therein appearing

(c) An Agreement as to technical service to be given by the Corporation to the Company as therein set out for the consideration therein appearing

(d) An Agreement whilst the Agreement (c) was in force as to further information and benefits of certain further inventions all of which Agreements expired on the Thirty-first day of December One thousand nine hundred and forty four

And Whereas it has been agreed that all four such Agreements shall be revived and renewed as to Agreements (a) (c) and (d) for a further period of five years from the First day of January One thousand nine hundred and forty five and as to Agreement (b) for a further period of three years from the First day of January One thousand nine hundred and forty five and that the dates of payment of various sums falling due under the said agreements and therein made payable half yearly on the Twenty-eighth February and Twenty-eighth August in each year shall be altered from such dates to the Thirtieth June and Thirty-first December in each year.

Now Therefore It Is Agreed by and between the parties hereto as follows:

1. The above recited Agreement (a) shall be renewed as from the First day of January One thousand nine hundred and forty five for a further period of five years in the terms of the original Agreement (except as to the

termination therof) and for the same considerations (subject however at the present time to the provisions of Section 25 of the Finance Act 1941). With regard to paragraph 8 of such Agreement (a) it is noted that all outstanding Agreements between the therein mentioned Philco Radio & Television Corporation of Great Britain and the Corporation have expired and have not been renewed.

2. The above recited Agreement (b) shall be renewed as from the First day of January One thousand nine hundred and forty five for a further period of three years in the terms of the original Agreement (except as to the termination thereof and the consideration therein set out). The consideration for the renewal of such Agreement and of the rights granted thereby shall be the sum of Seven Thousand and Five Hundred Pounds to be paid by the Company to the Corporation in three annual instalments of Two thousand five hundred pounds each.

3. The above recited Agreement (c) shall be renewed as from the First day of January One thousand nine hundred and forty five for a further period of five years on the terms of the original Agreement (except as to the termination thereof).

4. The above recited Agreement (d) shall be renewed as from the First day of January One thousand nine hundred and forty five for a further period of three years on the terms of the original Agreement (except as to the termination thereof) and subject to the consent of the appropriate Government Department for a further two years thereafter making a period of five years in all.

5. All payments due under the above mentioned Agreements and which are expressed to fall due for payment half yearly on the Twenty-eighth February and Twenty-eighth August in each year shall be now payable on the Thirtieth June and Thirty-first December instead of in February

and August, any necessary adjustment being made due to such change of dates.

In Witness whereof the parties hereto haxe executed these presents in manner legally binding upon them the day and year first above written.

The Corporate Seal of Hazeltine Corporation was hereunto affixed in the presence of:

Illegible,
Illegible,
Illegible,
Directors.

Illegible,
Asst. Secretary.

The Common Seal of The General Electric Company Limited was hereunto affixed in the presence of:

J. B. Fletcher,
T. Wm. Stanley,
Directors.

Thos. Dyke,
Jr. Secretary.

DEFENDANT'S EXHIBIT NO. 46.

An Agreement made the 10th day of November One thousand nine hundred and forty-eight Between the Hazeltine Corporation a Corporation duly organized and existing under the Laws of the State of Delaware in the United States of America and having its principal place of business at 821 National Press Building, Washington D. C. United States of America (hereinafter called "the Corporation") of the one part and The General Electric Company Limited a company incorporated in England and having its registered office at Magnet House, Kingsway in the County of London (hereinafter called "the Company") of the other part

Whereas by virtue of two agreements between the Corporation and the Company dated respectively the sixth day of April One thousand nine hundred and thirty-nine and the twenty-fourth day of July One thousand nine hundred and forty-five the Company hold from the Corporation until the thirty-first day of December One thousand nine hundred and forty-nine a sole and exclusive license (but not including the right to grant sub-licenses) under all present and future Patents belonging to the Corporation relating to Receivers for broadcast radio and to television transmission and reception as therein set out.

And Whereas by a further Agreement between the Corporation and the Company dated the sixth day of April One thousand nine hundred and thirty-nine the Corporation granted to the Company rights inter alia to utilize the said Patents for the purpose of securing entry as a Licensor into any British Wireless Broadcast Pool which might be formed or otherwise to deal with the said Patent by way of granting sub-licenses thereunder.

And Whereas a British Wireless Broadcast Pool was

duly formed and the said rights were duly exercised by the Company and the said further Agreement was by agreements between the Corporation and the Company dated the twenty-fourth day of July One thousand nine hundred and forty-five and the twenty-fifth day of June One thousand nine hundred and forty-eight extended for additional periods of three years and one year respectively and is due as a result thereof to expire on the thirty-first day of December One thousand nine hundred and forty-eight.

And Whereas the aforesaid British Wireless Broadcast Pool has terminated or is about to terminate and negotiations are now in progress for the formation of a new British Wireless Broadcast Pool (hereinafter referred to as "the New Pool").

Now It Is Hereby Mutually Agreed between the Parties as follows:

1. For the consideration hereinafter mentioned the Corporation hereby grant unto the Company the right to utilize the Hazeltine Patents hereinbefore referred to for the purpose of securing entry into the New Pool on such terms as the Company may deem proper or otherwise to deal with the said Patents by way of granting sub-licenses thereunder for the purpose of the New Pool.

2. As consideration for the rights granted by the Corporation to the Company hereunder the Company shall pay to the Corporation fifty per cent of all sums received by the Company from the New Pool by way of royalties upon the combined Patents of the Corporation and the Company in the said New Pool.

3. This Agreement shall be deemed to take effect as from the First day of January One thousand nine hundred and forty-nine and shall continue until the thirty-first day of December One thousand nine hundred and fifty-two.

4. In the event of the Company not entering the New Pool or of the New Pool not materialising the Corporation

and the Company will consult together to re-examine the position with a view of evolving a fresh arrangement.

In Witness whereof the parties hereto have executed these presents in manner legally binding upon them the day and year first above written.

The Corporate Seal of Hazeltine Corporation was hereunto affixed in the presence of:

John A. Harvey,
Assistant Secretary.

Hazeltine Corporation,
By Jack Binns,
President.
By Laurence B. Dodds,
Vice-President.

The Common Seal of The General Electric Company Limited was hereunto affixed in the presence of:

Illegible,
Director,

Illegible,
Director,

Illegible,
Asst. Secretary.

DEFENDANT'S EXHIBIT NO. 47.

Dated 1948

Hazeltine Corporation

—and—

The General Electric Co., Ltd.

Agreement

Draft III/22.9.52

This Agreement made the 19th day of Dec. One thousand nine hundred and fifty two Between Hazeltine Corporation a Corporation duly organized and existing under the laws of the State of Delaware in the United States of America and having its principal place of business at 58-25, Little Neck Parkway, Little Neck, Long Island, New York, United States of America (hereinafter called "the Corporation") of the one part and The General Electric Company Limited a Company incorporated in England and having its registered office at Magnet House Kingsway, in the County of London (hereinafter called "the Company") of the other part

Whereas four agreements were entered into between the Company and the Corporation on the 6th day of April 1939 relating to the following matters, namely:

(a) A licence from the Corporation to the Company under certain Letters Patent (hereinafter referred to as "the Licence Agreement")

(b) The right for the Company to utilise the Patents the subject of the said Licence for the purpose inter alia of securing entry into any British Wireless Broadcast Pool and for carrying on business in radio and television (hereinafter referred to as "the Pooling Agreement")

(c) Technical services to be given by the Corporation to the Company (hereinafter referred to as "the Service Agreement")

(d) The giving by the Company to the Corporation whilst the Service Agreement is in force of information as to and benefits of any inventions of the Company together with the right for the Corporation to file Patent Applications therefor in the United States of America (hereinafter referred to as "the Patent Agreement").

And Whereas the Licence Agreement, the Service Agreement and the Patent Agreement were by virtue of an agreement between the parties dated the 24th day of July 1945 extended for a period of five years so as to expire on the 31st day of December 1949 and the Pooling Agreement was extended for a period of three years so as to expire on the 31st day of December 1947.

And Whereas the Pooling Agreement was subsequently extended by agreements dated the 25th June 1948 and the 10th November 1948 so as to expire on the 31st day of December 1952.

And Whereas it is desired by the parties to extend the period of the Licence Agreement, the Service Agreement and the Patent Agreement so that they will expire contemporaneously with the Pooling Agreement.

And Whereas it has been agreed between the parties to modify the terms of the Pooling Agreement and Service Agreement in certain respects

Now It Is Hereby Agreed between the parties as follows:

1. The Licence Agreement, the Service Agreement and the Patent Agreement shall be renewed as from the 1st day of January 1950 for a further period of three years so as to expire on the 31st December 1952.

2. As from the 1st January 1950 the consideration to be paid by the Company to the Corporation under Clause 3

of the Service Agreement shall be reduced from £1500 per annum to the sum of £1000 per annum.

3. As from the 1st January 1950 the consideration to be paid by the Company to the Corporation under Clause 3 of the Licence Agreement shall be the sum of one thousand pounds per annum.

4. The sums payable by the Company to the Corporation under Clause 3 of the Pooling Agreement shall no longer be 50 per cent of the net income received by the Company from the Pool, but shall as from the 1st January 1950 be payable as follows:

(i) Up to the stage where in any calendar year the total net income received by the Company from the Pool together with the amount representing the British Income Tax which was deductable at source by the Licensees of the Pool amounts in total to £6000 the Company shall pay to the Corporation 50 per cent. of the total net income which the Company receives from the Pool:

(ii) Upon all net income received by the Company from the Pool in respect of any calendar year in excess of the stage to which the Corporation under the provisions of sub-clause (i) hereof is entitled to 50 per cent. no further payment shall be due to the Corporation during the stage where in respect of the calendar year in question the total net income received by the Company from the Pool together with the amount representing the British Income Tax which was deductable at source by the Licensees of the Pool amounts in total to more than £6000 and does not exceed £10,000:

(iii) Upon all net income received by the Company in respect of any calendar year in excess of the non-payment stage the subject of sub-clause (ii) hereof the Company shall pay to the Corporation 50 per cent. of such excess net income.

For the purposes of this Clause 4 the expression "net income" shall mean the Company's share of the gross amounts received by the Pool without deduction of royalty payments made by the Company to the Pool but less the Company's share of the expenses of running the Pool and less British Income Tax deducted or deductible from the Company's said share.

In Witness whereof the parties hereto have executed these presents in manner legally binding upon them the day and year first above written.

The Corporate Seal of Hazeltine Corporation was hereunto affixed in the presence of:—

By W. A. MacDonald,
President.

By L. B. Dodds,
Vice-President.

/s/ John K. Gower, Jr.,
Assistant Secretary.

The Common Seal of The General Electric Company Limited was hereunto affixed in the presence of:—

/s/ F. Winstanley,
(Other 2 signatures illegible)
Directors.

.....
Secretary.

DEFENDANT'S EXHIBIT NO. 48.

Exhibit G.

This Agreement is made the twenty seventh day of February One thousand nine hundred and fifty-three Between Hazeltine Corporation a Corporation duly organised and existing under the laws of the State of Delaware in the United States of America and having a registered office at 821 National Press Building Washington 4 District of Columbia United States of America (hereinafter called "the Corporation") of the one part and The General Electric Company Limited a Company incorporated in England and having its registered office at Magnet House Kingsway in the County of London England (hereinafter called "G. E. C.") of the other part

Whereas by various Agreements made between the Corporations and G. E. C. since One thousand nine hundred and thirty-nine G. E. C. obtained from the Corporation certain rights in Great Britain under the Corporation's Patents relating to Receivers for Broadcast Radio and to Television Transmission and Reception and these Agreements terminated on the Thirty-first day of December One thousand nine hundred and fifty-two

And Whereas the Parties hereto desire to enter into a new Agreement upon the terms hereinafter contained.

Now It Is Hereby Mutually Agreed between the Parties hereto as follows:

1. For the consideration hereinafter mentioned the Corporation hereby grants unto G. E. C. the sole right to utilise all present and future Patents belonging to the Corporation in Great Britain Northern Ireland the Isle of Man the Channel Islands and Eire in relation to Radio Apparatus (as hereinafter defined) to and for the purpose of enabling G. E. C. to secure entry into the A.7 Broadcast

Licensing Pool (hereinafter referred to as "the A.7 Pool") on such terms as G.E.C. may deem proper or otherwise to deal with the said Patents of the Corporation by way of granting sub-licenses thereunder for the purpose of the A.7 Pool it being understood that in the division of the Licensing Revenue between the Licensor Members of the A.7 Pool the number of points allotted (directly or indirectly) to G. E. C. in respect of its own Patents and the said Patents of the Corporation will be such that the ratio of G. E. C.'s points to the points allotted to Electric & Musical Industries Limited will be as Seventeen to One hundred.

2. The expression "Radio Apparatus" means Radio Broadcast Sound Receivers Radiogramophones Radio Broadcast Television Receivers and combinations of the foregoing with each other all for entertainment and education purposes only or of types normally supplied to the public for domestic use but does not include

(a) electron discharge devices or equivalent devices or lamps of any kind

(b) any broadcast relay apparatus provided however that the terminal units thereof shall be deemed Radio Apparatus

(c) materials or component parts (which expression does not include the items mentioned in (a) above sold separately (materials or component parts of Radio Apparatus are included in the term Radio Apparatus)

(d) television receivers adapted for producing a picture larger than thirty square feet

3. The Corporation hereby grants unto G. E. C. immunity from suit, in Great Britain Northern Ireland the Isle of Man the Channel Islands and Eire under all present and future Patents belonging to the Corporation for use in relation to Receivers for Broadcast Radio and to Television Transmission and Reception.

4. As consideration for the rights granted by the Corportation to G. E. C. hereunder G. E. C. shall (subject to the provisions of Clause 5 hereof and subject to approval of the British Treasury being first obtained) pay to the Corporation forty per cent of all sums received by the G. E. C. from the A.7 Pool by way of royalties upon the combined Patents of the Corporation and G. E. C. in the said Pool.

5. If for and in respect of any calendar year the total of the two under-mentioned sums namely (a) the sum to which the Corporation becomes entitled to receive from G. E. C. under the provisions of Clause 4 hereof and (b) the sum equivalent to the Refund (if any) of British Income Tax obtainable by the Corporation in respect of the amount payable to it by G. E. C. under the provisions of Clause 4 hereof amount to more than Five thousand pounds then payment from G. E. C. to the Corporation under the provisions of Clause 4 hereof shall cease from and for and in respect of the stage where the total of the said two sums exceeds Five thousand pounds up to and until the stage where the total of the said two sums would but for the provisions of this Clause 5 have otherwise reached the sum of Six thousand pounds and if the total of the said two sums exceed Six thousand pounds for and in respect of any calendar year then thereafter the provisions of Clause 4 shall re-apply for that calendar year but so that the relief afforded to G. E. C. between the Five thousand pounds stage and the Six thousand pounds stage shall not be taken away from it.

6. G. E. C. shall assist the Corporation to obtain under the Convention between Great Britain and the United States of America to avoid Double Taxation such refund of British Income Tax as may be claimable by the Corporation and the Corporation shall take all steps necessary to obtain such a refund in so far as the said Convention enables the Corporation to do so.

7. In the event of there being a change in the laws relating to the obtaining by the Corporation of a Refund of British Income Tax in respect of the sums due to the Corporation under the provisions of Clause 4 hereof or should the Corporation do or omit to do anything by reason of which the Corporation becomes debarred from obtaining a Refund of British Income Tax then the Corporation and G. E. C. shall discuss together the making of appropriate and equitable adjustments to this Agreement.

8. This Agreement shall be deemed to commence on the First day of January One thousand nine hundred and fifty-three and shall continue in force until the Thirty-first day of December One thousand nine hunderd and fifty-seven.

In Witness whereof the Parties hereto have executed these presents in manner legally binding upon them the day and year first above written.

The Corporate Seal of Hazeltine Corporation was hereunto affixed in the presence of:

By W. A. MacDonald,
President.

By Laurence B. Dodds,
Vice-President.

/s/ John K. Gower, Jr.,
Assistant Secretary.

The Common Seal of the General Electric Company Limited was hereunto affixed in the presence of:

G. W. Heather,
(Other signature illegible),
Directors.

(Signature illegible),
Secretary.

DEFENDANT'S EXHIBIT NO. 49.

This Agreement is made the fourteenth day of November, One Thousand nine hundred and fifty-seven Between Hazeltine Corporation a Corporation duly organized and existing under the laws of the State of Delaware in the United States of America and having a principal place of busines at 59-25 Little Neck Parkway Little Neck 62 New York United States of America (hereinafter called "the Corporation") of the one part and The General Electric Company Limited a Company incorporated in England and having its registered office at Magnet House Kingsway in the County of London England (hereinafter called "G. E. C.") of the other part

Whereas this Agreement is intended to be read as supplemental to

(a) An Agreement dated the Twenty-seventh day of February One thousand nine hundred and fifty-three and made between the Corporation and G.E.C. relating to the right for the G.E.C. to utilize certain of the corporation's patents in connection with the A.7 Broadcast Licensing Pool (hereinafter referred to as "the Pool Agreement")

(b) An Agreement also dated the Twenty-seventh day of February One thousand nine hundred and fifty-three made between the Corporation and G.E.C. relating to technical service to be given by the Corporation to G.E.C. (hereinafter referred to as "the Service Agreement")

(c) An Agreement also dated the Twenty-seventh day of February One thousand nine hundred and fifty-three and made between the Corporation and G.E.C. relating to the right of the Corporation to use certain of G.E.C.'s inventions in the United States of America (hereinafter referred to as "the U. S. License Agreement")

And Whereas all the aforementioned three Agreements were expressed to continue in force until the Thirty-first day of December One thousand nine hundred and fifty-seven but it is now the desire of the Corporation and G.E.C. that the said three Agreements should not expire on the aforesaid date but should continue in force until the Thirtieth day of June One thousand nine hundred and sixty

Now It Is Hereby Mutually Agreed by and between the parties hereto as follows:—

1. Clause 8 of the Pool Agreement and Clause 2 of the Service Agreement shall be amended by cancelling the words "the Thirty-first day of December One thousand nine hundred and fifty-seven" wherever so appearing in the said two Clauses and substituting therefor the words "the Thirtieth day of June One thousand nine hundred and sixty"

2. The first recital and Clause 2 of the U. S. Licence Agreement shall be amended by cancelling the words "the Thirty-first day of December One thousand nine hundred and fifty-seven" wherever so appearing therein and substituting therefor the words "the Thirtieth day of June One thousand nine hundred and sixty" and the said Clause 2 shall be further amended by cancelling the words "the Thirty-first day of December One thousand nine hundred and sixty-three" and substituting therefor the words "the Thirtieth day of June One thousand nine hundred and sixty-six"

3. Save as varied by this Agreement the provisions of the Pool Agreement the Service Agreement and the U. S. License Agreement are hereby confirmed

In Witness whereof the parties hereto have executed these presents in manner legally binding upon them the day and year first above written

The Corporate Seal of Hazeltine Corporation was hereunto affixed in the presence of:—

(Seal)

By Phillip Fox La Follett,
President.

By Laurence Briggs Dodds,
Vice President.

Caroline B. Scott,
Assistant Secretary.

The Common Seal of The General Electric Company Limited was hereunto affixed in the presence of:—

(Seal)

G. W. Heather,
(Other signatures illegible),
Directors.

(Signature illegible),
Assistant Secretary.

Dated 14 November 1957.

Hazeltine Corporation

— and —

The General Electric Co. Ltd.

Supplemental Agreement.

DEFENDANT'S EXHIBIT NO. 50.

Dated ..... 1961.

Hazeltine Corporation

and

The General Electric Co. Ltd.,

Supplemental Agreement

This Agreement is made the ..... day of ..... One thousand nine hundred and sixty-two Between Hazeltine Corporation a Corporation duly organized and existing under the laws of the State of Delaware in the United States of America and having a principal place of business at 59-25 Little Neck Parkway Little Neck 62 New York United States of America (hereinafter called "the Corporation") of the one part and The General Electric Company Limited a Company incorporated in England and having a registered office at Glen House Stag Place Victoria in London England (hereinafter called "G. E. C.") of the other part

Whereas this Agreement is intended to be read as supplemental to

(a) An Agreement dated the Twenty-seventh day of February One thousand nine hundred and fifty-three and made between the Corporation and G. E. C. relating to the right for the G. E. C. to utilize certain of the Corporation's patents in connection with the A.7 Broadcast Licensing Pool (hereinafter referred to as "the Pool Agreement")

(b) An Agreement also dated the Twenty-seventh day of February One thousand nine hundred and fifty-three made between the Corporation and G. E. C. relating to technical service to be given by the Corporation to G. E. C. (hereinafter referred to as "the Service Agreement")

(c) An Agreement also dated the Twenty-seventh day of February One thousand nine hundred and fifty-three and made between the Corporation and G. E. C. relating to the right of the Corporation to use certain of G. E. C.'s inventions in the United States of America (hereinafter referred to as "the U. S. License Agreement")

(d) An Agreement (hereinafter referred to as "the Supplemental Agreement" dated the Fourteenth day of November One thousand nine hundred and fifty-seven and made between the Corporation and G. E. C. relating to the extension of the aforementioned Three Agreements to continue in force until the Thirtieth day of June One thousand nine hundred and sixty and relating to certain modifications of the Pool Agreement, the Service Agreement and the U. S. License Agreement.

And Whereas the Pool Agreement, the Service Agreement and the U. S. License Agreement by the Supplemental Agreement were expressed to continue in force until the Thirtieth day of June One thousand nine hundred and sixty but it is now the desire of the Corporation and G. E. C. that the aforesaid Agreements should not be deemed to have expired on the aforesaid date but should subject to the modifications hereinafter stated continue in force until the Thirtieth day of June One thousand nine hundred and sixty four

Now It Is Hereby Mutually Agreed by and between the parties hereto as follows:—

1. Clause 1 of the Pool Agreement shall be amended by the deletion of the letters "A7" wherever they occur and the substitution therefor of the letters "A8" and by the deletion of the words "it being understood that in the division of the Licensing Revenue between the Licensor Members of the A7 Pool the number of points allotted (directly or indirectly) to G. E. C. in respect of its own

Patents and the Said Patents of the Corporation will be such that the ratio of G. E. C.'s points to the points allotted to Electrical and Musical Industries Limited will be as Seventeen to One Hundred''

2. Clause 4 of the Pool Agreement shall be amended by the deletion of the words ''Subject to provisions of Clause 5 hereof and'' and by the deletion of the letters ''A7'' and the substitution therefor of the letters ''A 8''

3. Clause 5 of the Pool Agreement shall be and is hereby cancelled

4. Clauses 6, 7 and 8 of the Pool Agreement shall be and are hereby respectively numbered Clauses 5, 6 and 7

5. Clause 7 (renumbered) of the Pool Agreement and Clause 2 of the Service Agreement shall be amended by cancelling the words ''the Thirtieth day of June One thousand nine hundred and sixty'' wherever so appearing in the said two Clauses and substituting therefor the words ''the Thirtieth day of June One thousand nine hundred and sixty four''

6. The first recital and Clause 2 of the U. S. License Agreement shall be amended by cancelling the words ''the Thirtieth day of June One thousand nine hundred and sixty'' wherever so appearing therein and substituting therefor the words ''the Thirtieth day of June One thousand nine hundred and sixty four'' and Clause 2 of the U. S. License Agreement shall further be amended by cancelling the words ''the Thirtieth day of June One thousand nine hundred and sixty six'' and substituting therefor the words ''the Thirtieth day of June One thousand nine hundred and seventy''

7. Clause 3 of the Service Agreement shall be amended by cancelling the words ''at the rate of £1,000 per annum'' and substituting therefor the words ''at the rate of £1 per annum''

8. Save as varied by this Agreement the provisions of the Pool Agreement the Service Agreement and the U. S. License Agreements are hereby confirmed

In Witness Whereof the parties hereto have executed these presents in manner legally binding upon them the day and year first above written.

The Corporate Seal of Hazeltine Corporation was hereunto affixed in the presence of:

By (Signature Illegible),
President.

(Signature Illegible),
Secretary,

By (Signature Illegible).
Vice President.

The Common Seal of the General Electric Company Limited was hereunto affixed in the presence of:

(Signature Illegible),
Director,

K. G. Smith,
Deputy Secretary.

DEFENDANT'S EXHIBIT NO. 51.

An Agreement made this ..... day of ..... One thousand nine hundred and thirty-nine between Electric and Musical Industries Limited having its registered office at Blyth Road, Hayes, Middlesex and Marconi's Wireless Telegraph Company Limited having its registered office at Marconi Offices, Electra House, Victoria Embankment, London, W. C. 2 and The Mullard Radio Valve Company Limited having its registered office at Spenser House, South Place Finsbury, London, E. C. 2 and N. V. Philips' Gloeilampenfabrieken of Eindhoven, Holland (hereinafter together called "the Pool Parties"), of the first part and The General Electric Company Limited having its registered office at Magnet House, Kingsway, London, W. C. 2 (hereinafter called "G E C") of the second part.

Whereas the Pool Parties have made arrangements among themselves (and with The British Thomson-Houston Company Limited so far as Radiogramophones are concerned) for the granting of licences for Radio Apparatus as hereinafter defined and

Whereas GEC represents that it is entitled to grant for the territory and period of this Agreement licenses for Radio Apparatus under its own patents and patents on inventions originating with the Hazeltine Corporation of America and licences for television receivers under patents on inventions originating with Radio-Aktiengesellschaft D. S. Loewe (hereinafter called "Loewe") and

Whereas the Pool Parties represent that one or more of them is entitled to grant for the territory and period of this Agreement licences for radio broadcast sound receivers and radio television receivers under patents on inventions originating with inter alia the Radio Corporation of America the General Electric Company of America (but in so far as the General Electric Company of America is con-

cerned only patents which relate to radio devices as defined in the R. C. A./M. W. T. Agreement of November 21st, 1919) and Telefunken G. m. b. H. and

Whereas it has been agreed that GEC shall join on the terms and conditions herein appearing with the Pool Parties in the granting of licenses. Now It Is Hereby Agreed as follows:

(a) The expressions "Pool parties" and "GEC" shall be deemed to include the subsidiaries of the parties hereto wherever the context permits. A subsidiary shall mean any Company which during the period of this Agreement is directly or indirectly controlled by any of the parties hereto by reason of a majority of shareholding voting power or otherwise.

(b) The expressions "Radio Apparatus" when herein used shall mean radio broadcast sound receivers radio-gramophones radio television receivers and combinations of the foregoing with each other for private entertainment and education purposes only but does not include electronic discharge devices or lamps of any kind.

(c) The expression "Territory" when herein used shall mean Great Britain, Northern Ireland, Eire, Channel Islands and Isle of Man.

(d) The expression "Period of this Agreement" when herein used shall mean from August 29th, 1938 to December 31st, 1944.

(e) The expression "Licensing Revenue" when herein used shall mean the net revenue derived by the parties hereto or any of them from the granting of Licenses for Radio Apparatus within the period and territory hereof and if any other parties join with the parties hereto as hereinafter provided shall include the net revenue derived by such Joining Parties (or by the Parties hereto or any

one or more of them) from the granting of licences under such Joining Parties' patent rights excluding however any revenue of such Joining Parties which by the terms of their joining shall have been agreed to be excluded from the licencing revenue. In calculating the said nett revenue there shall first be deducted the evpenses connected with the granting and administration of licences granted in pursuance of this Agreement including all expenses of carrying out the obligations of the parties hereto under such licences but not the expenses of obtaining or maintaining patents or costs or expenses of actions for infringements of patents.

(f) The "Patents" to which this Agreement shall apply are all patents within the territory under which and to the extent to which the parties hereto have or may have during the period of this Agreement the right to grant licences for Radio Apparatus. Among the patents of GEC are those on inventions originating with the said Hazeltine Corporation and on inventions originating with Loewe but as regards the latter GEC does not grant licences other than for use in Television receivers and does not grant licences under Eire patents originating with Loewe other than patents there obtained by registration of corresponding British Letters Patent.

2. GEC will join with the Pool Parties in Licensing the manufacture use sale and letting on hire of Radio Apparatus for the territory and period of this Agreement under the patents of the parties hereto and will share in the licensing revenue in the manner herein specified.

3. Licences granted in pursuance of Clause 2 hereof shall commence as from date not earlier than 28th August, 1938 and shall remain in force not later than 31st December, 1944.

4. The parties hereto will not grant separate licences for Radio Apparatus under their respective patents save that each party reserve the right to grant licences separately

under all or any of their own patents or patent rights in the following cases:

(i) Where the principal consideration is not the payment of royalties or commercial arrangements in relation to the supply purchase or sale of goods, and

(ii) In which and to the extent that E. M. I. and M. W. T. are obliged to grant licences for Television receivers in virtue of their now existing commitments to the BBC or the Postmaster General with regard to Television.

5. Each of the parties hereto undertakes during the period of this Agreement not to indemnify any person or company against (or to assist any person or company to avoid the consequences of) infringement occurring after August 28th, 1938 or against any claim for such infringement (within the scope of the licences reciprocally granted or agreed to be granted by the parties hereto by this Agreement) of any patent under which such party hereto is entitled to a licence hereunder provided however that this undertaking does not apply to any indemity or assistance in respect of goods supplied by such party hereto.

6. (a) The carrying out of licensing shall be in the hands of a Committee on which GEC shall be entitled to be represented with voting rights proportional to its share for the time being in the licensing revenue. If other parties (hereinafter called Joining Parties) shall join the parties hereto as co-licensors they may also be represented on the Committee but their voting rights shall not be greater than in proportion to their share of the licensing revenue.

(b) All matters appertaining to the granting and administration of licences in pursuance of this Agreement and to procuring other parties to join with the parties hereto in such licensing shall be decided by the Committee by a majority of voting value of those entitled to be rep-

resented on the Committee. The decisions of the Parties aforesaid and Joining Parties if any made in accordance with the same principle of proportional voting shall avail as decisions of the Committee and in the case of conflict with prior decision of the Committee shall override the latter. The parties hereto undertake to comply with such majority decisions.

(c) Subject as above provided the Committee shall among other things decide on the terms conditions period and scope (but within the scope of Radio Apparatus and within the period of this Agreements as above defined) of the licences to be granted in pursuance of this Agreement and/or by Joining Parties and the routine administration connected therewith and the terms and conditions on which other parties shall be invited or accepted as Joining Parties.

7. The Licensing Revenue shall during the period of this Agreement be divided and shared between the Parties hereto and any others entitled to share therein in such a manner that the share of GEC therein shall be 6% thereof until December 31st 1941 and shall thereafter if all the parties hereto unanimously agree be subject to revision but so that such share shall not in any event be less than 6% and failing unanimous agreement shall remain 6%. Provided that any share of the Licensing Revenue which may become payable to a future Joining Party in pursuance of the terms of his joining shall be contributed by the then existing Parties to the licening arrangements in proportion to their respective shares of the Licensing Revenue.

8. None of the parties hereto shall be obliged to take action for infringement of their respective patents nor to maintain any patents in force.

In the case of action for damages for infringement of letters patent of any of the Parties hereto by the manufacture use or sale of Radio Apparatus during the period of and within the territory of this Agreement those of the

Parties hereto and Joining Parties who shall have prior to the commencement of such action agreed to bear a share of the costs and expenses of such action in proportion to their share in the licensing revenue shall be entitled to share in the nett damages (after deduction of costs and expenses) recovered for such infringement in such action.

9. (a) Each of the Pool Parties hereby grants to GEC and GEC hereby grants to each of the Pool Parties non-exclusive non-transferable licences for the manufacture use and sale in the territory (but not for importation) of Radio Apparatus under their respective patents. Radio Apparatus which incorporates imported components to a value greater than 10% of the retail selling price of the apparatus shall be deemed to be imported unless otherwise agreed between the parties hereto.

(b) None of the licences referred to in sub-clause (a) above include any right to manufacture or supply Radio Apparatus except as the respective licensee's own apparatus or its subsidiaries' or parent Company's under a Trade Mark or Trade Name from time to time owned by any of them.

(c) All the lieences specified in (a) above shall be free of any rolyalty payment by the respective recipients, save as is provided in the next succeeding sub-clause (d).

(d) Whenever licences granted under this Cause 9 are based upon patent rights held by the licensing party under any agreement requiring the payment of royalties or other deferred payment measured by the use of the inventions the party accepting such licences shall while holding the same make payments measured by its use of the inventions at the same rate and upon the same terms as those required by such agreement.

No such payments shall be required in respect of patents for inventions originating with Hazeltine Corporation as distinct from future patents which may be acquired by the

Hazeltine Corporation from third parties on such terms that the G. E. C. while holding a licence under the same must make payments supplementary to the payments now due from G. E. C. to Hazeltine.

In the case of Loewe the Pool Parties shall during the subsistence of this Agreement jointly pay to G. E. C. £100. per annum and G. E. C. shall also receive from the Party or Parties accepting the said licences any royalty which may be due to Loewe in respect of any use of any patent contained in Part II of the Schedule to the Loewe-G. E. C. Agreement dated the 30th October 1935, a copy of which is attached hereto.

In the case of any patent in respect of which the said licences are subject to such payments or to any conditions or restriction the party hereto entitled to a licence thereunder may at any time accept refuse or surrender all or any of such licences.

(e) BTH and G. E. C. will grant to each other under their respective patents existing at the date hereof licences on the like terms and conditions but limited to radio-gramophones and to the period from 28th August 1938 to 31st December 1941.

10. The parties hereto undertake not to contest or assist others to contest the validity of any Letters Patent under which they resepctively receive and continue to hold licences hereunder. Provided however that the parties hereto reserve the right to contest or assist others to contest the validity of any such Letters Patent in any proceedings relating to infringement committed outside the period of this Agreement or outside the scope of the licence granted under such Letters Patent under this Agreement and shall have the like right in any proceedings if the result of such contestation might affect the validity or scope of any patent owned by the party raising such contest or giving such assistance.

11. G. E. C. approves the A5 Licence form attached hereto (as amended in red and blue ink) and authorises Mr. F. C. Topham to sign and issue on behalf of G. E. C. Licenses in that form or any other form which may be decided upon by the Committee referred to in Clause 6 hereof.

This Agreement shall endure until the 31st December 1944, and shall then expire.

In Witness whereof Dr. Herman Francois van Walsem duly authorsed under the Constitution of N. V. Philips' Gloeilampenfabrieken has set his hand and the Common Seals of Electric and Musical Industries Limited, The General Electric Company Limited, Marconi's Wireless Telegraph Company Limited and The Mullard Radio Valve Company Limited have been hereunto affixed the day and year first above written.

For and on behalf of:
N.V. Philips'
Gloeilampenfabrieken

Signed by Dr. Herman Francois van Walsem for and on behalf of:
N. V. Philips'
Gloeilampenfabrieken in the presence of:

.....

.....

The Common Seal of Electric & Musical Industries Limited was hereunto affixed in the presence of:

.....

.....

The Common Seal of The General Electric Company Limited was hereunto affixed in the presence of:

.....

.....

The Common Seal of Marconi's Wireless Telegraph Company Limited was hereunto affixed in the presence of:

.....

.....

The Common Seal of The Mullard Radio Valve Company Limited was hereunto affixed in the presence of:

.....

.....

Part II of Loewe Schedule above referred to:

Patent No.	Patentees	Subject-matter	Special Conditions
251,170	Giebe and Scheibe	Method of making visible oscillations of piezo-electric crystals.	A non-exclusion License may be granted outside Germany at a royalty of 10% on every article sold; the Radio A. G. having a further right to exploit the Patent outside Germany by license or sale; proceeds of royalties or sale to be equally divided between Radio A. G. and Patentees.
261,040 Pat. of addition to 252,170	Giebe and Scheibe	Device for indicating and measuring the frequency of electrical oscillations.	
261,042 Pat. of addition to 252,170	Giebe and Scheibe	Piezo-electrical resonance relay.	
~~358-051~~	~~Klug and Lincoln~~	~~Method for recording changes in physical conditions.~~	
~~403,098~~	~~Klug and Lincoln~~	~~Method of measuring the relative displacement of two or more points of a body.~~	~~The like conditions as last above~~
~~353,693~~	~~F. Skaupy~~	~~Improvements in Optical devices for television Picture Telegraphy or the like.~~	~~The Radio A. G. D. S. Loewe pays all renewal fees; if the Patent is exploited it must be by the parties jointly nett proceeds to be equally divided. There is no fixed royalty for user.~~
~~402,397~~	~~A. Kerr~~	~~Television Tube~~	~~The royalty, if any, does not exceed 5% of the nett invoice price of the component embodying the invention.~~
420,752	E. Hudec	Braun Tube more particularly for Television purposes.	The Radio A. G. D. S. Loewe is entitled to user at a royalty of 1% on the nett invoice price of every tube incorporating the patent sold (in Germany or outside Germany).

Patent No.	Patentees	Subject-matter	Special Conditions
427,090	E. Hudec	Braun Tube more particularly for Television purposes.	The same conditions as above, but the royalty is 2%, subject to certain reductions if any applications for a group of seven Patents of which this is one are refused. This 2% (or reduced percentage) is in addition to the above 1%, where both sets of Patents are used.
10532/34	E. Hudec	Method of producing Braun Tubes controlled by light intensity.	
427,092	F. Klingsporn	Piezo-Electric Cell.	The Radio A. G. D. S. Loewe has a licence outside Germany at a royalty of 10% on cost price of every cell sold which incorporates the invention. The Patentee is entitled to 20% of the nett proceeds of sub-licences granted by the Radio A. G.
431,068	K. Heegner	Crystal Oscillator.	The Radio A. G. is entitled to a licence outside Germany at a royalty of 7½% of the nett selling price of the apparatus (excluding cost of battery and mains supply but including indicating device where required). The Patentee is entitled to 50% of the nett proceeds of sub-licences granted by the Radio A. G.

DEFENDANT'S EXHIBIT NO. 52.

Exhibit F.

An Agreement made the 31st day of August 1948 Between Electrical and Musical Industries Limited having its registered office at Blyth Road Hayes Middlesex (hereinafter called "EMI") of the first part, and—

The British Thomson-Houston Company Limited having its registered office at Crown House Aldwych London W.C.2. (hereinafter called "BTH") of the second part, and—

Philips Electrical Industries Limited having its Head Office at Century House Shaftesbury Avenue London (hereinafter called "Philips") of the third part, and—

The General Electric Company Limited having its registered office at Magnet House Kingsway London W.C.2. (hereinafter called "GEC") of the fourth part, and—

Marconi's Wireless Telegraph Company Limited having its registered office at Electra House Victoria Embankment London W.C.2. (hereinafter called "MWT") of the fifth part.

Whereas (1) EMI represents that subject to the rights (if any) which the British Government may have in respect of patents arising out of Government Contracts it is and will be during the period of this Agreement entitled to grant or procure others to grant licences from 1st April 1948 until 31st December 1952 for Radio Apparatus as hereinafter defined under all present and future patents of the British Isles originating with the following companies namely:

Electrical And Musical Industries Ltd. and its subsidiaries (including:

The Gramophone Company Ltd.,
Columbia Graphophone Company Ltd. and
The Marconiphone Company Ltd.
and all subsidiaries of any of them)

And Whereas (2) EMI represents that subject to the rights (if any) which the U. S. A. Government may have in respect of patents arising out of Government Contracts it is and will be for the period from the 1st April 1948 to 31st December 1952 entitled to grant or procure others to grant licences for radio broadcast sound receivers and radio broadcast television receivers for entertainment and education (except in the naval military marine and aircraft fields) under all British Patents present and future on inventions made and conceived by the Radio Corporation of America prior to 1st January 1945.

And Whereas (3) EMI further represents that no licences for any part of the said period from 1st April 1948 to 31st December 1952 under the said patents originating with EMI or its subsidiaries have been granted to any third party for any of the said purposes except sundry non-exclusive licences of an unimportant character respecting sundry detail matters and sundry extensions of licences by the grantors of the so-called A.5. licences.

And Whereas (4) BTH represents that subject to the rights (if any) which the British Government may have in respect of patents arising out of Government Contracts it is and will be during the period of this Agreement entitled to grant or procure others to grant licences from 1st April 1948 to 31st December 1952 for Radio Apparatus as hereinafter defined under all present and future patents of the British Isles originating with the following companies namely:

The British Thomson-Houston Company Ltd.,
Associated Electrical Industries Ltd.
Metropolitan Vickers Electrical Company Ltd.
and the subsidiaries of any of them.

And Whereas (5) BTH further represents that no licences for any part of the said period from 1st April 1948 to 31st

December 1952 under any of the said patents have been granted to any third party for any of the said purposes except sundry extensions of licences by the grantors of the so-called A.5 licences.

And Whereas (6) BTH and EMI together represent that subject to the rights (if any) which the U. S. A. Government may have in respect of patents arising out of Government Contracts one or both of them are and will be for the period of this agreement entitled to grant or procure others to grant licences from 1st April 1948 to 31st December 1952 for Radio Apparatus as hereinafter defined under all present and future patents of the British Isles originating with the General Electric Company of America.

And Whereas (7) Philips represents that subject to the rights (if any) which the Netherlands U. S. A. and British Governments may have in respect of patents arising out of Government Contracts it is and will be during the period of this Agreement entitled to grant or procure others to grant licences from 1st April 1948 to 31st December 1952 for Radio Apparatus as hereinafter defined under all present and future patents of the British Isles originating with the following companies namely:

Philips Electrical Industries Ltd. and its subsidiaries (including Philips Electrical Limited (formerly Philips Lamps Ltd.) and The Mullard Radio Valve Co., Ltd.)

N. V. Philips Gloeilampenfabrieken of Eindhoven Holland and all companies owned or controlled by it to the extent of more than 50 per cent by shareholding voting power or otherwise either directly or indirectly and—

Hartford National Bank and Trust Company of Hartford Connecticut U. S. A. (in its capacity as Trustee under Indenture dated 25th August 1939) and all

companies owned or controlled by it (in its said capacity) to the extent of more than 50 per cent as aforesaid including North American Philips Company Inc.

And Whereas (8) Philips further represents that no licence for any part of the said period from 1st April 1948 to 31st December 1952 under any of the said patents has been granted to any third party for any of the said purposes except sundry non-exclusive licences of an unimportant character respecting sundry detail matters and a non-exclusive licence to Western Electric Company Incorporated of U. S. A. under the conditions referred to in Clause 11(c) hereof and sundry extensions of licences by the Grantors of the so-called A.5. licences.

And Whereas (9) GEC represents that subject to the rights (if any) which the British and U. S. A. Governments may have in respect of patents arising out of Government Contracts it is and will be during the period of this Agreement entitled to grant or procure others to grant licences from the 1st April 1948 to 31st December 1952 for Radio Apparatus as hereinafter defined under all present and future patents of the British Isles originating with the following companies namely:

The General Electric Company Ltd. and its subsidiaries
and
The Hazeltine Corporation

And Whereas (10) GEC further represents that no licences for any part of the said period from 1st April 1948 to 31st December 1952 under any of the said patents has been granted to any third party for any of the said purposes except sundry extensions of licences by the Grantors of the so-called A.5. licences.

And Whereas (11) MWT represents that subject to the rights (if any) which the British Government may have in

respect of patents arising out of Government Contracts it is and will be during the period of this Agreement entitled to grant or procure others to grant licences from the 1st April 1948 to 31st December 1952 for Radio Apparatus as hereinafter defined under all present and future patents of the British Isles originating with the following companies namely:

Marconi's Wireless Telegraph Company Ltd.
English Electric Company Ltd.
and the subsidiaries of either of them.

And Whereas (12) MWT further represents that no licences for any part of the said period from 1st April 1948 to 31st December 1952 under any of the said patents has been granted to any third party for any of the said purposes except certain non-exclusive licenses to Standard Telephones & Cables Limited, to the Marconiphone Company Limited and The Gramophone Company Limited and sundry extension of licences by the Grantors of the so-called A.5. licences.

And Whereas (13) it is the intention of the parties to grant to bona fide manufacturers in the British Isles patent licences in the field covered by this Agreement on a fair and equitable basis and that other parties shall be invited to join the parties hereto in contributing their patents and granting such licences as aforesaid.

Now It Is Agreed as follows:

1. For the purpose of this Agreement the following terms are defined as follows:

"Subsidiaries" means and includes any firm or company domiciled in the U. K. and at any time during the period of this Agreement owned or controlled by any of the parties hereto to the extent of more than 50 per cent by shareholding voting power or otherwise either directly or indirectly

and in the case of BTH includes Associated Electrical Industries Ltd. and its subsidiaries and in the case of Philips includes N. V. Philips Gloeilampenfabrieken of Eindhoven Holland and Hartford National Bank and Trust Company of Hartford Connecticut U. S. A. (in its capacity as Trustee as aforesaid) and all companies owned or controlled by them or either of them to the extent of more than 50 per cent by shareholding voting power or otherwise including North American Philips Company Inc. and in the case of MWT includes The English Electric Company Ltd. and its subsidiaries.

"Radio Apparatus" means radio broadcast sound receivers radiogramophone radio television receivers and combinations of the foregoing with each other all for entertainment and education purposes only but does not include:

(a) electron discharge devices or lamps of any kind.

(b) apparatus for wired wireless (that is to say apparatus for relaying to one or more subsidiary receivers over wire by means of modulated electrical oscillations, radio signals received by a radio broadcast sound receiver or radio-gramophone)

(c) materials or component parts sold separately (Material or component parts which are actually incorporated in and form part of Radio Apparatus are included in the term Radio Apparatus)

(d) television receivers adapted for producing a picture larger than thirty square feet.

"British Isles" means Great Britain Northern Ireland Eire the Isle of Man and The Channel Islands.

2. Subject as hereinafter provided each of the parties hereby grants and agrees to grant to each of the others of them (who hereby accepts and agrees to accept) licenses (hereinafter referred to as the said licences) as hereinafter

described for Radio Apparatus as above defined, which said licences are only for Radio Apparatus used or intended for use for entertainment and education purposes and shall be non-exclusive and non-transferable and shall not include the power to grant sub-licences except to subsidiaries and except as hereinafter provided, Provided however that as BTH and EMI already hold licences under each other's patents in the field of Radio Apparatus no licences are hereby granted by BTH to EMI or vice versa.

3. The said licences shall begin as from 1st April 1948 and shall cease at 31st December 1952 Provided however that the parties hereto shall retain the right thereafter to dispose of stocks of Radio Apparatus then on hand.

4. The said licences shall be in respect of all present and future patents of the British Isles only under which and to the extent to which the parties respectively have or during the term of this Agreement may acquire the right to grant or procure the grant of such licences and which are applicable to the purposes for which the licences are granted and agreed to be granted but to the extent only to which such patents are so applicable.

5. Except as otherwise stated herein the said licences include the right to make use lease sell and otherwise deal in Radio Apparatus.

6. The said licences include the right to the licensee to have Radio Apparatus manufactured by others for the licensee or its subsidiaries for sale as the Radio Apparatus of the licensee or its subsidiaries under their respective trade marks or trade names but not otherwise. None of the said licences include any right to manufacture or supply Radio Apparatus except:

(i) as the apparatus of the licensee or its subsidiaries under their respective trade marks or trade names or—

(ii) for or to other parties who hold a licence from the licensing party hereto, in respect of the patent concerned, for the sale of such apparatus.

Provided however that in the event of any of the parties granting rights to third parties to supply Radio Apparatus under marks or trade name other than those belonging to such third parties or to manufacture for or supply to other parties not holding a licence as aforesaid then a similar right shall be given to and exercisable by the other parties hereto to manufacture for the same number of others and up to the same total quantity of Radio Apparatus.

7. Unless otherwise agreed no licences are hereby agreed to be granted to import Radio Apparatus into the United Kingdom or to deal in in the United Kingdom imported Radio Apparatus or Radio Apparatus containing imported component parts to an extent exceeding in value 10 per cent. of the retail list price of such Radio Apparatus except in each case samples and experimental models for the use of the parties hereto.

8. No licence is granted or implied under any foreign patents and the parties agree that if they are sued for infringement of a foreign patent corresponding to a patent under which they are licenced by this Agreement they will not rely on the defence that the alleged infringing Radio Apparatus is licensed under the foreign patent by virtue of this Agreement.

9(a). Wherever licences granted or agreed to be granted by any of the parties hereto to any other of them under the terms of this Agreement are based upon patent rights held by the licensing party hereto under any Agreement requiring the payment of royalties or other deferred payment measured by the use of the invention the party accepting such licences shall while holding the same make payments measured by its use of the inventions at the same rate and upon the same terms as those required by such

Agreements in addition to any royalties payable pursuant to any other clause of this Agreement. The parties respectively declare that no such payments are or shall be payable under this Clause 9 (a) in respect of the licences referred to in the recitals hereto.

9(b). Notwithstanding anything herein contained, nothing in this Agreement shall be deemed to apply to patent rights acquired hereafter by any of the parties hereto (otherwise than from one of its own employees or subsidiaries) on terms that require money payments not measured by use of the invention and not being fixed lump sum payments unless and until the parties hereto other than the acquiring party shall have agreed by majority in voting value (calculated as in the case of votes on the Committee) with the acquiring party on the recompense to be paid to the acquiring party to cover a fair share of its cost of acquisition. If such agreement is not reached within one month from the time that the acquiring party has notified the others of the patent rights in question and of the compensation requested by it (which notification the acquiring party shall give promptly) then the acquiring party may grant licences thereunder for Radio Apparatus independently of the parties hereto on such terms as it thinks fit but in such case it shall contribute to the licensing revenue the excess if any of the royalties received for such licences (within the field of Radio Apparatus) over the amount which is eventually determined by agreement as aforesaid or by arbitration as such fair share of cost of acquisition. Any of the parties hereto may at any time before such amount is agreed as aforesaid submit the question of such amount to arbitration by the London Court of Arbitration but any such arbitration shall have effect only for the purpose of determining the amount of contribution in respect of licences granted independently as above mentioned.

9(c). Such of the licences herein granted and agreed to be granted by any of the parties hereto to any other of them as are based upon patent rights which are subject to rights in favour of third parties are subject to the same limitations as the licensing rights of the grantor but the parties declare that there are no such limitations on their respective rights to grant the licences referred to in the first second fourth sixth and seventh recitals hereof with regard to the patents referred to therein.

10. The party entitled to receive licences hereunder based upon patent rights to subject of Clause 9 shall have the option at any time to accept or refuse or (so far as compatible with the relevant agreements) to surrender all or any of such licences.

11(a). The parties agree to join their efforts in order to license on reasonable terms bona fide manufacturers in the British Isles for the manufacture of Radio Apparatus in the British Isles and for the use and sale therein of Radio Apparatus so manufactured within the field of this Agreement and to share the revenue derived from such licences the whole on the following terms.

(b) Such licences shall commence as from a date not earlier than 1st January 1948 and shall remain in force not later than 31st December 1952 Provided however that they may include the right to dispose after 31st December 1952 of stocks then on hand or in process of manufacture.

(c) Each of the parties hereto reserves the right to grant licences separately under all or any of its own patents or patent rights in the following cases, namely:

(i) In cases where the principal consideration is not the payment of royalties or commercial arrangements in relation to the supply purchase or sale of goods and—

(ii) In cases in which and to the extent that they respectively are or may be obligated to grant li-

cences for television receivers in virtue of their now existing or future commitments to the B.B.C. or to the Postmaster General with regard to Television.

(d) None of the parties hereto shall be obliged to take any action for infringement of their respective patents nor be deemed to warrant the validity thereof.

(e) Each of the parties undertakes during the continuance of this Agreement not to indemnify or to agree to indemnity any person firm or company against or assist any person firm or company to avoid the consequences of any claim for such infringement (within the scope of the licences granted or agreed to be granted by the parties hereto to each other by this Agreement) of any patent under which such party hereto is entitled to a licence hereunder provided however that this does not apply to goods supplied by such party hereto.

(f) For the purpose of facilitating the carrying out of this Clause 11 the parties will appoint a committee on which they shall be represented with voting rights proportional to the number of points allotted to them respectively by sub-clause (o) of this Clause 11, and it is contemplated that if other parties should join with the parties hereto as co-licensors they may also be represented on the committee but their voting rights thereon shall not be greater than in proportion to the number of points that shall have been allotted to them.

(g) All matters appertaining to the granting and administration of licences in pursuance of this Clause 11 and to procuring other parties to join with the parties hereto in such licensing shall be decided by the Committee by a majority in voting value of the votes of those entitled to be represented on the Committee and the parties hereto undertake to comply with all such majority decisions. The decisions of the parties hereto and Joining Parties (as here-

inafter referred to) if any made in accordance with the same principle of proportional voting power shall avail as decisions of the Committee and in case of conflict with the prior decisions of the Committee shall override the latter. No such decisions of the Committee or of the parties hereto and Joining Parties if any which in any respect run contrary to or are inconsistent with any provisions of this Clause 11 shall be effective.

(h) Subject as above provided the Committee shall among other things decide on the terms conditions period and scope (but within the scope of Radio Apparatus as above defined) of the licences to be granted in pursuance of this Clause 11 by the parties hereto and/or by Joining Parties and the routine administration in connection therewith and the terms and conditions on which other parties shall be invited or accepted as Joining Parties.

(i) The Committee may appoint some person to carry on subject in every respect to the instructions given by the Committee from time to time the routine work in connection with the granting of licences under this Clause 11 and the collection of royalties payable under this Agreement.

(j) Such other persons firms or companies as may be decided by the Committee to be desirable as co-licensors shall be invited to join the parties hereto for the purpose of granting licenses for Radio Apparatus under the provisions of this Clause 11. The terms and conditions on which and the extent to which such others (herein referred to as "Joining Parties") agree to join the parties hereto as aforesaid shall be as may be decided by the Committee and each of the parties hereto shall comply with all the terms so decided except as otherwise herein provided. Such terms may include the grant of a licence within the scope period and territory of this Agreement to such Joining Parties under all or any of the patents of the parties hereto and/or a license from such Joining Parties to all

the parties hereto. Every reasonable effort shall be made to include in the terms a licence for the scope period and territory of this Agreement from such Joining Party to the other parties to this Agreement and their respective subsidiaries free of all royalties other than those specified in sub-clause (n) hereof. Provided however that no Joining Party shall be entitled to a licenee from any party hereto to whom a similar licence from such Joining Party is not by the terms of his joining made available on the same terms as to the other parties hereto and provided further that if the terms of any such licence to any of the parties hereto would involve the payment by a party hereto of any royalty additional to that which would be payable by virtue of the terms of this Agreement then such party hereto may decline to accept such licence from the Joining Party and to grant any licence to the Joining Party, and in such case shall reserve its freedom to contest or assist others to contest the validity of such Joining Party's patents.

(k) None of the parties hereto shall be obliged to appear as grantors or co-grantors of the licences to be granted in accordance with decisions of the Committee but when a form of proposed licence has been decided on by the Committee each of the parties hereto shall within three weeks thereof indicate to EMI whether or not they wish to so appear. If any party does not so indicate to EMI that it wishes to so appear licences within the scope and territory and period of this Agreement under all the patents of the party not so wishing to appear may be granted by EMI in the said form and such party declining to appear cannot afterwards claim to have its name inserted as a co-grantor in licenses in the said form and if any party does so notify EMI that it wishes to so appear it cannot afterwards refuse to so appear in licences which the Committee decide shall be issued in such form.

(l) The expression "licensing revenue" wherever used in this Clause 11 means the net revenue derived by the parties hereto or any of them from the granting of licences within the scope territory and period of the licences referred to in this Clause 11 including the royalties contributed by the parties hereto as hereinafter provided and —if any other parties join with the parties hereto as above provided shall include the net revenue derived by such Joining Parties or by the parties hereto or one or more of them from the granting of licences under such Joining Parties' patent rights excluding however any revenue of such Joining Parties which by the terms of their joining shall have been agreed to be excluded from the licensing revenue. In calculating the net revenue there shall first be deducted the expenses connected with the granting and administration of such licences including all expenses of carrying out the obligations of the licensors under such licences but not expenses of obtaining or maintaining patents or costs or expenses of actions for infringement of patents.

(m) In the case of actions for damages for infringement of patents by the manufacture, use or sale of Radio Apparatus between 1st April 1948 and 31st December 1952 within the British Isles those of the parties hereto and Joining Parties who shall have prior to the commencement of such action agreed to bear a share of the costs and expenses of such action in proportion to the number of points allotted to them as herein referred to shall be entitled to share in the same proportion in the net damages (after deduction of costs and expenses) recovered for such infringement in such action.

(n) Each party hereto will in respect of the period from 1st April 1948 to 31st December 1952 contribute and pay to the licensing revenue royalties in respect of all Radio Apparatus sold let on hire or put into use by it during

the said period whether utilising inventions the subject of patents or not, the said royalties to be calculated at the same rate or rates and on the same basis as are fixed by the Committee to be paid in similar circumstances (e.g. having regard to volume of business and the minimum royalties the licensee is prepared to guarantee etc.) by a licensee not a party to this Agreement less however such proportion (to represent such party's own patents) of the royalties so calculated as aforesaid as shall be equal to the proportion which the number of points allotted to the party bears to the total number of points allotted to all the parties and any Joining Parties provided always that if in respect of any year or portion of a year ending on the 31st December the gross royalties so payable by a party hereto (calculated as aforesaid and before deduction of income tax or of the said proportion) shall exceed the sum of £10,000. (or a proportionate amount in respect of any period less than a full year) then in respect of Radio Apparatus in excess of the Radio Apparatus on which the gross royalty amounts to £10,000. (or such proportionate amount as aforesaid) the rates of royalty so to be paid by a party hereto shall not exceed in the case of broadcast receivers and radio gramophones 0.01 per cent. and in the case of television receivers 0.02 per cent. of the net selling price.

(o) The licensing revenue shall be divided between the parties hereto and any Joining Parties in proportion to the number of points allotted to them respectively by this Agreement or by the terms of their joining. The number of points allotted to the parties hereto respectively is agreed to be as follows, namely:

To EMI	95 points
To BTH	5 points
To Philips	25 points
To GEC	30 points
To MWT	13½ points

12. Except as otherwise specified this Agreement shall remain in force until 31st December 1952 and shall then expire. Provided however that the royalties hereinabove provided to be paid by the parties hereto shall be payable on Radio Apparatus on hand at 31st December 1952 but sold thereafter.

13. If any party (hereinafter referred to as "the said party") hereto shall go or be put into liquidation otherwise than for the purpose of reconstruction or amalgamation or make any arrangement with its creditors generally then and in such case the parties hereto other than the said party shall be entitled forthwith by joint notice in writing to the said party to determine this Agreement and thereupon all the rights of the said party hereunder shall forthwith cease and determine but without prejudice to the remedy of the other parties hereto to sue for and recover any royalties then due provided that royalties received after such determination in respect of licenses granted in pursuance of this Agreement by the said party alone or with any other party to this Agreement to licensees not being parties to this Agreement shall continue to be divided between the parties hereto including the said party in the proportions herein provided.

14. The parties hereto undertake not to contest or assist others to contest the validity of any Letters Patent under which they respectively receive licences hereunder Provided however that each of them reserves the right to contest or assist others to contest the validity of any such Letters Patent in any proceedings relating to products other than those for which licences are by this Agreement agreed to be given and in any proceedings if the result of such contestation might affect the validity or scope of one of its own patents and provided further that nothing herein contained shall preclude any party hereto from contesting or assisting others to contest the validity of any Letters

Patent in respect of any alleged infringement occurring prior to 1st April 1948.

15. This Agreement and the rights and obligations thereunder shall not be assigned or transferred to any third party without consent in writing of all parties hereto.

16. Each of the parties hereto undertakes to procure all its subsidiaries as hereinbefore defined to comply with all the terms of this Agreement as if they were a part or department of the party of which they are subsidiaries.

17. No party will dispose of its rights in such a way as to diminish or restrict any of the licences or rights to which the other parties are entitled hereunder provided that nothing herein contained shall oblige any party to maintain any patents in force or to maintain in force any agreements with third parties other than such as are necessary to enable it to comply with its representations in the recitals to this Agreement.

18. No licences shall be granted by any party hereto for Radio Apparatus in the British Isles in respect of the period from 1st April 1948 to 31st December 1952 except in accordance with the decisions of the Committee or in the cases mentioned in Clause 11 (c) (i) and (ii).

19. The expressions "party" "parties" "other party" or "Joining Party" wherever used in this Agreement shall each of them so far as the context permits include the respective subsidiaries (as herein defined) or any of them respectively.

In Witness whereof the Common Seals of the parties hereto have been hereunto affixed the day and year first above written.

The Common Seal of Electric and Musical Industries Limited was hereunto affixed in the presence of:

.....

.....

The Common Seal of The British Thomson-Houston Company Limited was hereunto affixed in the presence of:

.....

.....

The Common Seal of Philips Electrical Industries Limited was hereunto affixed in the presence of:

.....

.....

The Common Seal of The General Electric Company Limited was hereunto affixed in the presence of:

.....

.....

The Common Seal of Marconi's Wireless Telegraph Company Limited was hereunto affixed in the presence of:

.....

.....

DEFENDANT'S EXHIBIT NO. 53.

An agreement made this fourth day of February 1949 Between

Electrical and Musical Industries Limited having its registered office at Blyth Road, Hayes, Middlesex.

The British Thomson-Houston Company Limited having its registered office at Crown House, Aldwych, London, W.C.2.

Philips Electrical Company Limited having its head office at Century House, Shaftesbury Avenue, London.

General Electric Company Limited having its registered office at Magnet House, Kingsway, London, W.C.2.

Marconi's Wireless Telegraph Company Limited having its registered office at Electra House, Victoria Embankment, London, W.C.2. (hereinafter called "the parties to the August Agreement")

and

Standard Telephones and Cables Limited having its registered office at Connaught House, 63 Aldwych, London, W.C.2. (hereinafter called "STC")

Whereas by an agreement dated the Thirty-first day of August 1948 (hereinafter called "the August Agreement") the parties to the August Agreement have agreed to grant certain licences under their respective patents and to share revenue so derived as therein provided.

And Whereas STC is willing to join with the parties to the August Agreement in the granting of licenses and sharing of revenue as aforesaid

And Whereas STC represents (a) that subject to the rights (if any) which the British Government may have in respect of patents arising out of Government Contracts it is and will be during the period of this Agreement entitled to grant or procure others to grant licences from 1st April 1948 until 31st December 1952 for Radio Apparatus as defined in the August Agreement under all present and future patents of the British Isles originating with the following companies, namely:

Standard Telephones And Cables Limited
and its subsidiaries (including:
Kolster Brandes Limited
Standard Telecommunication Laboratories
Limited and all subsidiaries of any of them).

And Whereas (b) STC represents that subject to the rights (if any) which the U. S. A. or other foreign governments may have in respect of patents arising out of contracts with such governments it is and will be for the period from 1st April 1948 to 31st December 1952 entitled to grant or procure others to grant licences for the manufacture of radio apparatus as defined in the August Agreement under all present and future patents of the British Isles originating with the following companies:

International Standard Electric Corporation, U. S. A.
Federal Telephone And Radio Corporation, U. S. A.
Federal Telecommunication Laboratories, U. S. A.
Laboratoire Central De Telecommunications, France
and all companies owned or controlled by the said companies.

And Whereas (c) STC further represents that no licences for any part of the said period from 1st April 1948 to 31st

December 1952 under the said patents of the British Isles originating with Standard Telephones and Cables Limited or its subsidiaries have been granted to any third party for any of said purposes except a non-exclusive licence to Marconi's Wireless Telegraph Company Limited and the Marconiphone Company Limited with respect to patents existing prior to 19th February 1945.

Now Therefore it is agreed by and between the parties hereto that the August Agreement shall be read and construed and have effect as if STC were also a party thereto and as if modified by the inclusion of:—

(a) the recitals herein by STC
and
(b) the words "To STC 20 points"

in the table in Clause 11(o)
and by the substitution of the figure £12,500 for the figure £10,000 where the latter appears in Clause 11(n).

In Witness whereof the Common Seals of the Parties hereto have been hereunto affixed the day and year first above written.

The Common Seal of Electric and Musical Industries Limited was hereunto affixed in the presence of:

.....

.....

The Common Seal of The British Thomson-Houston Company Limited was hereunto affixed in the presence of:

.....

.....

The Common Seal of Philips Electrical Industries Limited was hereunto affixed in the presence of:

.....

.....

The Common Seal of The General Electric Company Limited was hereunto affixed in the presence of:

.....

.....

The Common Seal of Marconi's Wireless Telegraph Company Limited was hereunto affixed in the presence of:

.....

.....

The Common Seal of Standard Telephones and Cables Limited was hereunto affixed in the presence of:

.....

.....

We, the undersigned companies being the parties to an Agreement dated the fourth day of February 1949 (supplemental to an agreement dated 31st August 1948) hereby agree that the said agreement dated 4th February 1949 shall be read and construed and have effect as if modified by

the substitution of the figure £15,000 for the figure £12,500 where the latter figure appears in the said Agreement.

The British Thomson-Houston Company Limited,

.....,

Secretary.

Electric & Musical Industries Limited,

.....,

Secretary.

The General Electric Company Limited,

.....,

Secretary.

Marconi's Wireless Telegraph Company Limited,

.....,

Secretary.

Philips Electrical Industries Limited,

.....,

Secretary.

Standard Telephones And Cables Limited,

.....,

Secretary.

DEFENDANT'S EXHIBIT NO. 54

This Agreement is made the twenty-third day of March, one thousand nine hundred and forty-nine Between the British Thomson-Houston Company Limited and Electric & Musical Industries Limited and The General Electric Company Limited and Marconi's Wireless Telegraph Company Limited and Philips Electrical Industries Limited and Standard Telephones and Cables Limited (hereinafter together called "the Grantors") of the one part and Murphy Radio Limited (hereinafter called "the Licensee") of the other part and is Supplemental to an Agreement of Even Date made between the same parties and known as "Licence A6".

Whereas the parties hereto have entered into the Licence A6 on the condition that it is subject to the variations, extension and modifications hereinafter appearing.

Now Therefore It Is Agreed that the said Licence A6 shall be read in conjunction with and as varied extended or modified by the following:

1. (a) The royalty rate referred to in Clause 4(c) of Licence A6 shall be reduced by the same percentage thereof as the percentage of the nett revenue to which the Licensee is entitled under Clause 4 of this Agreement.

(b) In the case of apparatus exported to countries outside the territory referred to in Clause 2(a) of Licence A6, the royalty shall be reduced by 50% in the case of complete apparatus and by 100% in the case of sets of component parts.

(c) The maximum amount of royalty payable, however, before deduction of Income Tax, in any year ending 31st December (or proportionately in respect of any period less than a full year) shall not exceed £15,000 less the amount of the reduction to which the Licensee is entitled

under sub-clause (a) above, except that in respect of apparatus upon which royalty is payable under Licence A6 sold let on hire or put into use in any such year in excess of an amount upon which the royalty would amount to the said maximum the royalty upon broadcast receivers and radiogramophones shall be 0.01% and in respect of television receivers shall be 0.02% of the nett invoice prices respectively.

2. The Licensee will place exclusively into a licensing pool all present and future British and Eireann letters patent owned or controlled by the Licensee of the Licensee's subsidiaries for the purpose of granting licences for the manufacture use sale and letting on hire of Radio Apparatus which means radio broadcast sound receivers, radiogramophones, radio television receivers and combinations of the foregoing with each other all for entertainment and education purposes only but does not include:

(a) electron discharge devices or lamps of any kind.
(b) apparatus for wired wireless (that is to say apparatus for relaying to one or more subsidiary receivers over wire by means of modulated electrical oscillations, radio signals received by a radio broadcast sound receiver or radiogramophone).
(c) materials or component parts sold separately (Materials or component parts which are actually incorporated in and form part of Radio Apparatus are included in the term "Radio Apparatus").
(d) television receivers adapted for producing a picture larger than thirty square feet.

and the Licensee grants and agrees to grant to each of the Grantors licences to make use sell and let on hire such Radio Apparatus under such patents without payment other than that payable to the Licensee under Clause 4

hereof and the Licensee further agrees that licences granted in the form of Licence A6 or such other form as may be agreed from time to time by the Pool Management Committee (within the scope of Radio Apparatus as defined) may include licenses under such patents without additional royalty thereunder.

3. It is agreed that Licence A6 as varied by this Agreement excepting Clauses 4 and 5 herein shall apply to all subsidiaries of the Licensee. Subsidiaries shall mean any firm or company domiciled in the territory referred to in Clause 2(a) of Licence A6 and at any time during the period of this Agreement owned or controlled by the Licensee to the extent of more than 50 per cent by shareholding voting power or otherwise directly or indirectly.

4. In consideration of the rights granted and agreed to be granted by the Licensee in Clause 2 hereof the licensing Pool will pay to the Licensee 4½% (four and a half per centum) of its nett distributable revenue (i.e. the gross revenue from licensing less all running expenses). It is understood, however, that the said 4½% is based on the retention by the said Grantors (viz The British Thomson-Houston Co. Ltd., Electric & Musical Industries Ltd., The General Electric Co. Ltd., Marconi's Wireless Telegraph Co. Ltd., Philips Electrical Industries, Ltd., and Standard Telephones and Cables Ltd.) of the remainder of the said nett revenue. In the case of any other party contributing licensing rights on terms which entitled it to a share of the said revenue (or to an amount related to such a share) such share shall be borne in proportion to their respective shares by all parties entitled to share in the said revenue.

5. The Licensee shall be invited to appoint a representative to the Pool Management Committee, which representative shall have voting power proportionate to the percentage of the revenue to which the Licensee is entitled in accordance with Clause 4 above.

6. It is understood that no Company or firm contributing patents to the Pool is under any obligation to take action for infringement under any patent.

7. Clause 7 of Licence A6 shall be deemed to be cancelled.

8. This Agreement shall remain in force so long as the Licence A6 remains in force and shall be co-terminous with it.

In Witness Whereof an Agent hereunto duly authorised has on behalf of the Grantors hereunto on their behalf set his hand and a Director of the Licensee hereunto duly authorised has hereunto on the Licensee's behalf set his hand the day and year first above written.

For and on behalf of:

The British Thomson-Houston Limited

Electric & Musical Industries Limited

The General Electric Company Limited

Marconi's Wireless Telegraph Company Limited

Philips Electric Industries Limited

Standard Telephones and Cables Limited

(Signed) F. C. Topham

For and on behalf of

Murphy Radio Limited

(Signed) F. B. Duncan

Director

Signed by Frank Charles Topham for and on behalf of the Grantors in the presence of

A. W. Mackenzie,
Marconi Offices,
Electra House,
Victoria Embankment,
London, W. C. 2.

Signed by .....

A Director of and for and on behalf of Murphy Radio Limited in the presence of .....

DEFENDANT'S EXHIBIT NO. 55.

A-6 Pool Supplement

Exhibit J-1

This Agreement is made the Sixteenth day of June One thousand nine hundred and forty nine Between The British Thomson-Houston Company Limited and Electric & Musical Industries Limited and The General Electric Company Limited and Marconi's Wireless Telegraph Company Limited and Philips Electrical Industries Limited and Standard Telephones and Cables Limited (hereinafter together called "the Grantors") of the one part and E. K. Cole Limited (hereinafter called "the Licensee") of the other part and is Supplemental to an Agreement of Even Date made between the same parties and known as "Licence A6."

Whereas the parties hereto have entered into the Licence A6 on the condition that it is subject to the variations, extensions and modifications hereinafter appearing.

Now Therefore It Is Agreed that the said Licence A6 shall be read in conjunction with and as varied, extended or modified by the following:

1. (a) In case of apparatus exported to countries outside the territory referred to in Clause 2(a) of Licence A6 the royalty shall be reduced by 50% in the case of completed apparatus and by 100% in the case of sets of component parts.

(b) The maximum amount of royalty payable however before deduction of Income Tax, in any year ending 31st December (or proportionately in respect of any period less than a full year) shall not exceed £15,000 except that in respect of apparatus upon which royalty is payable under Licence A6 sold, let on hire or put into use in any such year in excess of an amount upon which the royalty would

amount to the said maximum the royalty upon broadcast receivers and radiogramophones shall be 0.01% and in respect of television receivers shall be 0.02% of the nett invoice prices respectively.

2. The Licensee will place exclusively into a licensing pool all present and future British and Eireann Letters Patent owned or controlled by the Licensee or the Licensee's subsidiaries for the purpose of granting licences for the manufacture use sale and letting on hire of Radio Apparatus which means radio broadcast sound receivers, radiogramophones, radio television receivers and combinations of the foregoing with each other all for entertainment and education purposes only but does not include:—

(a) electron discharge devices or lamps of any kind
(b) apparatus for wired wireless (that is to say apparatus for relaying to one or more subsidiary receivers over wire by means of modulated electrical oscillations, radio signals received by a radio broadcast sound receiver or radiogramophone)
(c) materials or component parts sold separately (Materials or component parts which are actually incorporated in and form part of Radio Apparatus are included in the term "Radio Apparatus")
(d) television receivers adapted for producing a picture larger than thirty square feet

and the Licensee grants and agrees to grant to each of the Grantors (and to others who may now or in the future contribute patents to the said licensing pool for inclusion in the said Licence A6) licence to make use sell and let on hire such Radio Apparatus under such patents without payment other than that payable to the Licensee under Clause 4 hereof and the Licensee further agrees that licences granted in the form of Licence A6 or such other form as may be agreed from time to time by the Grantors (within the scope of Radio Apparatus as defined) may include licences under such patents without additional royalty thereunder.

3. It is agreed that Licence A6 as varied by this Agree-

ment excepting Clause 4 hereof shall apply to all subsidiaries of the Licensee. Subsidiaries shall mean any firm or company domiciled in the territory referred to in Clause 2(a) of Licence A6 and at any time during the period of this Agreement owned or controlled by the Licensee to the extent of more than 50 per cent by shareholding voting power or otherwise directly or indirectly.

4. In consideration of the rights granted and agreed to be granted by the Licensee in Clause 2 hereof the Grantors will pay to the Licensee in the form of a rebate of royalty in respect of each year ending 31st December of Licence A6 (and proportionately for the period 1st April to 31st December 1948) subject to such payment in any year not exceeding the royalty paid by the Licensee an amount equal to 2½% of the nett distributable revenue of the said licensing pool (i.e. the gross revenue from licensing less all running expenses) the said 2½% being based on the retention by The British Thomson-Houston Co. Ltd., Electric & Musical Industries Ltd., The General Electric Co. Ltd., Marconi's Wireless Telegraph Co. Ltd., Murphy Radio Ltd., Philips Electrical Industries Ltd. Pye Ltd., and Standard Telephones and Cables Ltd., of the remainder of the nett revenue. In the case of any further party contributing licensing rights on terms which entitled it to payment in a like manner or otherwise share in the said nett distributable revenue (or to an amount related to such sharing) such payment or sharing shall be borne in accordance with their respective proportions by all the parties entitled to participate in the said revenue and the said 2½% shall be reduced accordingly.

5. The parties hereto undertake not to contest or assist others to contest the validity of any letters patent under which they respectively receive licences by virtue of the Licence A6 and this Agreement. Provided however that each of them reserves the right to contest or assist others to contest the validity of any such letters patent in any pro-

ceedings relating to products other than those for which said licences are given.

6. It is understood that no Company or firm contributing patents to the said licensing pool is under any obligation to take action for infringement under any patent.

7. Clause 7 of Licence A6 shall be deemed to be cancelled.

8. This Agreement shall remain in force so long as the Licence A6 remains in force and shall be co-terminous with it.

In Witness Whereof an Agent hereunder duly authorised has on behalf of the Grantors hereunto on their behalf set his hand and a Director of the Licensee hereunto duly authorised has hereunto on the Licensee's behalf set his hand the day and year first above written.

For and on behalf of
The British Thomson-Houston Company Limited
Electric & Musical Industries Limited
The General Electric Company Limited
Marconi's Wireless Telegraph Company Limited
Philips Electrical Industries Limited
Standard Telephones and Cables Limited.
(Signed) F. C. Topham

For and on behalf of
E. K. Cole Limited
(Signed) E. K. Cole
Director

Signed by Frank Charles Topham for and on behalf of the Grantors in the presence of:

L. H. Waite,
Marconi Offices,
Electra House,
Victoria Embankment,
London, W. C. 2.

Signed by Eric Kirkham Cole,
A Director of and for and on behalf of E. K. Cole Limited in the presence of

Ernest Hey,
Chartered Patent Agent.

DEFENDANT'S EXHIBIT NO. 56.

This Agreement is made the Third day of March One thousand nine hundred and fifty Between the British Thomson-Houston Company Limited and Electric & Musical Industries Limited and The General Electric Company Limited and Marconi's Wireless Telegraph Company Limited and Philips Electrical Industries Limited and Standard Telephones and Cables Limited (hereinafter together called "the Grantors") of the one part and A. C. Cossor Limited (hereinafter called "the Licensee") of the other part and is Supplemental To An Agreement Of Even Date and made between the same parties and known as "Licence A6".

Whereas the parties have entered into the Licence A6 on the condition that it is subject to the variations extensions and modifications hereinafter appearing.

Now Therefore It Is Agreed that the said Licence A6 shall be read in conjunction with and as varied extended or modified by the following:

1. (a) In the case of apparatus exported to countries

outside the territory referred to in Clause 2 (a) of Licence A6 the royalty mentioned in Clause 4(c) of Licence A6 shall be reduced by 50% in the case of complete apparatus and by 100% in the case of sets of component parts as defined.

(b) After the gross royalty payable calculated at the figures mentioned in the said Clause 4(c) and the preceding subclause hereof in any year ending 31st December has reached £15,000 the royalty on nett turnover upon broadcast receivers and radiogramophones shall be reduced to 0.01% and upon television receivers to 0.02% subject to the provisions of the preceding sub-clause (a). It is understood that the foregoing does not in any way affect the requirements under Proviso (iv) of the said Clause 4(c).

2. The Licensee agrees to grant licences under all present and future British and Eireann Letters Patent owned or controlled or to be owned or controlled by Licensee or the Licensee's subsidiaries useful in the manufacture use sale and letting on hire of Radio Apparatus which means radio broadcast sound receivers, radiogramophones, radio television receivers and combinations of the foregoing with each other all for entertainment and education purposes only but does not include:

(a) electron discharge devices or lamps of any kind

(b) apparatus for wired wireless (that is to say apparatus for relaying to one or more subsidiary receivers over wire by means of modulated electrical oscillations, radio signals received by a radio broadcast sound receiver or radiogramophone or radio television receiver)

(c) materials or component parts sold separately (materials or component parts which are actually incorporated in and form part of Radio Apparatus are included in the term "Radio Apparatus")

(d) television receivers adapted for producing a picture larger than thirty square feet

and the Licensee grants and agrees to grant to each of the Grantors (and to others who may now or in the future contribute patents for licensing within the field of the said Licence A6) licences to make use sell and let on hire such Radio Apparatus under such patents without consideration to the Licensee other than that provided for under Clause 4 hereof and the Licensee further agrees that licences granted in the form of Licence A6 or such other form as may be agreed from time to time by the Grantors (within the scope of Radio Apparatus as defined) may include licences under such patents without additional royalty thereunder and that during the period of this Agreement no licences for such apparatus will be granted by the Licensee otherwise than as provided hereunder.

3. It is agreed that Licence A6 as varied by this Agreement excepting Clause 4 hereof shall apply to all subsidiaries of the Licensee. Subsidiaries shall mean any firm or Company domiciled in the territory referred to in Clause 2(a) or License A6 and at any time during the period of this Agreement owned or controlled by the Licensee to the extent of more than 50 per cent by shareholding voting power or otherwise directly or indirectly.

4. In consideration of the rights granted and agreed to be granted by the Licensee hereunder the Grantors will allow to the Licensee in respect of each year commencing the 1st January 1949 a rebate of 30% (thirty per centum) upon the Licensee's gross royalties calculated as aforesaid. The Licensee shall however have an option to change such rebate by giving one quarter's notice in writing at the end of any quarter subsequent to the date of this Agreement whereupon as from the date of expiry of such notice the Grantors will allow in lieu thereof a rebate upon

the Licensee's said gross royalties of an amount equivalent to 3% of the total nett revenue (i. e. the total gross royalties derived from the licensing of the said radio apparatus less all running expenses) for the then remaining period of this Agreement subject to any such changed allowance in respect of any year or period not exceeding the Licensee's said gross royalty for the same year or period. It is agreed that the said 3% if and when operative shall be related to the proportions now allotted collectively to the British Thomson-Houston Co. Ltd., Electric & Musical Industries Ltd., the General Electric Co. Ltd., Marconi's Wireless Telegraph Co. Ltd., Murphy Radio Ltd., Philips Electrical Industries Ltd., Pye Ltd., and Standard Telephones and Cables Ltd. In the case of any further party or parties granting licences on terms which entitle it or them to any allowance in a like manner or to any share in the said nett revenue (or to an amount related to such allowance or sharing) any such allowance or share shall be borne in accordance with the respective proportions by all parties entitled to participate in the said nett revenue and the said 3% if and when operative shall be reduced accordingly.

5. The parties hereto undertake not to contest or assist others to contest the validity of any letters patent under which they respectively receive licences by virtue of the Licence A6 and this Agreement. Provided however that each of them reserves the right to contest or assist others to contest the validity of any such letter patent in any proceedings relating to products other than those for which said licences are given.

6. It is understood that no company or firm contributing rights under its patents is under any obligation to take action for infringement under any patent.

7. Clause 7 of Licence A6 shall be deemed to be cancelled.

8. This Agreement shall remain in force so long as your Licence A6 remains in force and shall be co-terminous with it.

In Witness Whereof an Agent hereunto duly authorised has on behalf of the Grantors hereunto on their behalf set his hand and a Director of the Licensee hereunto duly authorised has hereunto on the Licensee's behalf set his hand the day and year first above written.

For and on behalf of:
The British Thomson-Houston Company Limited
Electric & Musical Industries Limited
The General Electric Company Limited
Marconi's Wireless Telegraph Company Limited
Philips Electrical Industries Limited
Standard Telephones and Cables Limited
(Signed) F. C. Topham.

Signed by Frank Charles Topham for and on behalf of the Grantors in the presence of:

A. W. Mackenzie,
Marconi Offices,
Electra House,
Victoria Embankment,
London, W. C. 2.

For and on behalf of:
A. C. Cossor Limited
(Signed) Henry Chisholm
Director.

Signed by Henry Chisholm
A Director of and for and on behalf of A. C. Cossor Limited in the presence of:

N. Sadler,
Cossor House,
Highbury Grove,
B.5.
Company Secretary.

DEFENDANT'S EXHIBIT NO. 57.

This Agreement is made the Eighth day of March One thousand nine hundred and fifty Between The British Thomson-Houston Company Limited and Electric & Musical Industries Limited and The General Electric Company Limited and Marconi's Wireless Telegraph Company Limited and Murphy Radio Limited and Philips Electrical Industries Limited and Pye Limited and Standard Telephones and Cables Limited (hereinafter together called "the Grantors") of the one part and Cinema-Television Limited (hereinafter called "the Licensee") of the other part and is Supplemental To An Agreement Of Even Date known as "the Licence A6" which is annexed hereto.

Whereas the parties have entered into the Licence A6 on the condition that it is subject to the variations extensions and modifications hereinafter appearing.

Now Therefore It Is Agreed that the said License A6 shall be read in conjunction with and as varied extended or modified by the following:

1. (a) In the case of apparatus exported to countries outside the territory referred to in Clause 2(a) of the Licence A6 the royalty payable by the Licensee shall be one half of the royalty mentioned in the Clause 4(c) of the Licence A6 in the case of complete apparatus and no royalty shall be payable in the case of sets of component parts.

(b) After the aggregate amount of the royalty paid by the Licensee (calculated at the figures mentioned in the said Clause 4(c) and the preceding sub-clause hereof) in any year ending 31st December (or proportionately in respect of any period less than a full year) has reached £15,000 (Fifteen thousand pounds) the royalty on nett

turnover (as defined in the said A6 licence) upon broadcast receivers and radiogramophones shall be reduced to 0.01% and upon television receivers to 0.02% subject to reduction as set out in sub-clause (a) of this clause in the case of exported apparatus. It is understood that the foregoing does not in any way affect the requirements under proviso (iv) of the said Clause 4(c).

2. The Licensee agrees to grant licences under all present and future British and Eireann Letters Patents owned or controlled or to be owned or controlled by the Licensee or the Licensee's subsidiaries useful in the manufacture use sale and letting on hire of Radio Apparatus which means radio broadcast sound receivers, radiogramophones, radio television receivers and combinations of the foregoing with each other all for entertainment and education purposes only but does not include:

(a) electron discharge devices or lamps of any kind
(b) apparatus for wired wireless (that is to say apparatus for relaying to one or more subsidiary receivers over wire by means of modulated electrical oscillations, radio signals received by a radio broadcast sound receiver or radiogramophone)
(c) materials or component parts sold separately (Materials or component parts which are actually incorporated in and form part of Radio Apparatus are included in the term "Radio Apparatus")
(d) television receivers adapted for producing a picture larger than thirty square feet

and the Licensee grants and agrees to grant to each of the Grantors (and to any other persons or companies who may now or in the future during the currency of the Licence A6 contribute patents for licensing within the field of the Licence A6) licences but upon the same conditions and subject to the same restrictions as are set out in Clause 4(c)(v) of the Licence A6 to make use sell and let

on hire in the territory referred to in Clause 2(a) of the Licence A6 such Radio Apparatus under such patents without consideration to the Licensee other than that provided for under Clause 4 hereof and the Licensee further agrees that licences granted in the form of the Licence A6 or such other form as may be agreed from time to time by the Grantors (within the scope of Radio Apparatus as defined) may include licences under such patents without additional royalty thereunder and that during the period of this Agreement no licences for such apparatus will be granted by the Licensee otherwise than as provided hereunder.

3. It is agreed that the Licence A6 as varied by this Agreement shall apply to and the licences thereby granted shall be deemed to be granted for the benefit of all subsidiaries of the Licensee including Bush Radio Limited. Subsidiaries shall mean any Company domiciled in the Territory referred to in Clause 2(a) of the Licence A6 and at any time during the period of this Agreement owned or controlled by the Licensee to the extent of more than 50 per cent by shareholding voting power or otherwise directly or indirectly.

4. In consideration of the rights granted and agreed to be granted by the Licensee hereunder the Grantors will allow to the Licensee in respect of each calendar year commencing with the 1st January 1949 (and proportionately for the period 1st April to 31st December 1948) a reduction of 53⅓% (fifty three and one third per centum) in the royalties payable by the Licensee in accordance with the Licence A6 as hereby modified.

5. The parties hereto undertake not to contest or assist others to contest the validity of any letters patent under which they respectively receive licences by virtue of the Licence A6 and this Agreement. Provided however that each of them reserves the right to contest or assist others

to contest the validity of any such letters patent in any proceedings relating to products other than those for which said licences are given.

6. It is understood that no company or firm contributing rights under its patents is under any obligation to take action for infringement under any patent.

7. Clause 7 of the License A6 shall be deemed to be deleted and of no effect.

8. The Licence A6 and this Agreement shall be read as one document and expressions defined in the Licence A6 shall bear the same meaning in this Agreement unless the context hereof otherwise requires.

In Witness Whereof an Agent hereunto duly authorised has on behalf of the Grantors hereunto on their behalf set his hand and a Director of the Licensee hereunto duly authorised has hereunto on the Licensee's behalf set his hand the day and year first above written.

For and on behalf of:
The British Thomson-Houston Limited
Electric & Musical Industries Limited
The General Electric Company Limited
Marconi's Wireless Telegraph Company Limited
Murphy Radio Limited
Philips Electrical Industries Limited
Pye Limited
Standard Telephones and Cables Limited
(Signed) F. C. Topham.

Signed by Frank Charles Topham for and on behalf of the Grantors in the presence of:

A. W. Mackenzie,
Marconi Offices,
Electra House,
Victoria Embankment,
London, W. C. 2.

For and on behalf of:
Cinema-Television Limited
(Signed) G. Darnley-Smith
Director

Signed by G. Darnley-Smith,
A director of and for and on behalf of Cinema-Television Limited in the presence of:

C. C. Moore,
58, South Hill Rd.,
Bromley,
Kent.

DEFENDANT'S EXHIBIT NO. 58.

Exhibit H.

An Agreement made the Twelfth day of May 1953
Between

The British Thomson-Houston Company Limited having its registered office at Crown House Aldwych London W. C. 2. (hereinafter called "BTH") of the first part and

Cinema-Television Limited having its registered office at Albion House 59 New Oxford Street London W. C. 1. (hereinafter called "Cintel") of the second part and

Electric & Musical Industries Limited having its registered office at Blyth Road, Hayes Middlesex, (hereinafter called "EMI") of the third part and

The General Electric Company Limited having its registered office at Magnet House Kingsway London W. C. 2. (hereinafter called "GEC") of the fourth part and

Marconi's Wireless Telegraph Company Limited having its registered office at Marconi House Strand London W. C. 2. (hereinafter called "MWT") of the fifth part and

Murphy Radio Limited having its registered office at 62 Brook Street London W. 1. (hereinafter called "Murphy") of the sixth part and

Philips Electrical Industries Limited having its Head Office at Century House Shaftesbury Avenue London W. C. 2. (hereinafter called "Philips") of the seventh part and

Standard Telephones and Cables Limited having its registered office at Connaught House Aldwych London W. C. 2. (hereinafter called "STC") of the eighth part.

And Whereas (1) BTH represents:

(a) that subject to the rights (if any) which the British Government may have in respect of patents

arising out of Government contracts it is and will be during the period of this Agreement entitled to grant or procure others to grant licences from 1st January 1953 to 31st December 1957 for Radio Apparatus as hereinafter defined under all present and future patents of the British Isles originating with the following companies namely:

The British Thomson-Houston Company Ltd.
Associated Electrical Industries Ltd.
Metropolitan Vickers Electrical Company Ltd.
and the subsidiaries of any of them.

(b) that no licences for any part of the said period from 1st January 1953 to 31st December 1957 under any of the said patents have been granted to any third party for any of the said purposes except a licence to EMI and licences to the A.6 licensees to sell stocks on hand at the expiry of the A.6 licences.

And Whereas (2) Cintel represents:

(a) that subject to the rights (if any) which the British Government may have in respect of patents arising out of Government contracts it is and will be during the period of this Agreement entitled to grant or procure others to grant licences from the 1st January 1953 to 31st December 1957 for Radio Apparatus as hereinafter defined under all present and future patents of the British Isles originating with Cintel, Bush Radio Limited and their subsidiaries;

(b) that no licences for any part of the said period from 1st January 1953 to 31st December 1957 under any of the said patents have been granted to any third party for any of the said purposes except licences to the A.6 licensees to sell stocks on hand at the expiry of the A.6 licences.

And Whereas (3) EMI represents:

(a) that subject to the rights (if any) which the British Government may have in respect of patents arising out of Government contracts it is and will be during the period of this Agreement entitled to grant or procure others to grant licences from 1st January 1953 until 31st December 1957 for Radio Apparatus as hereinafter defined under all present and future patents of the British Isles originating with the following companies namely:

Electric & Musical Industries Limited and its subsidiaries.

(b) that subject to the rights (if any) which the U. S. A. Government may have in respect of patents arising out of Government contracts it is and will be for the period from 1st January 1953 to 31st December 1957 entitled to grant or procure others to grant licences for radio broadcast sound receivers and radio broadcast television receivers for entertainment and education (except in the naval military marine and aircraft fields) under all British Patents present and future on inventions made and conceived by the Radio Corporation of America prior to 1st January 1945 and further entitled for the said period to grant licences to others (except EMI's subsidiaries) under other British Patents of Radio Corporation of America by means of a document identical with Exhibit "A" attached hereto.

(c) that it is and will be for the period from the 1st January 1953 to 31st December 1957 entitled to grant or procure others to grant licences for radio broadcast sound receivers and radio broadcast television receivers for entertainment and education under all British Patents present and future of Telefunken G. m. b. H.

(d) that no licences for any part of the said period from the 1st January 1953 to 31st December 1957 under the said patents originating with EMI or its subsidiaries have been granted to any third party for radio broadcast sound receivers and radio broadcast television receivers for entertainment and education except a licence to BTH and licences to the A.6 licensees to sell stocks on hand at the expiry of the A.6 licences, but EMI has given RCA and Telefunken an option to take a licence on standard terms.

And Whereas (4) GEC represents:

(a) that subject to the rights (if any) which the British and U. S. A. Governments may have in respect of patents arising out of Government contracts it is and will be during the period of this Agreement entitled to grant or procure others to grant licences from the 1st January 1953 to 31st December 1957 for Radio Apparatus as hereinafter defined under all present and future patents of the British Isles originating with the following companies namely:

The General Electric Company Ltd. and its subsidiaries and

The Hazeltine Corporation.

(b) that no licences for any part of the said period from 1st January 1953 to 31st December 1957 under any of the said patents have been granted to any third party for any of the said purposes except licences to the A.6 licensees to sell stocks on hand at the expiry of the A.6 licences.

And Whereas (5) MWT represents:

(a) that subject to the rights (if any) which the British Government may have in respect of patents arising out of Government contracts it is and will be

during the period of this Agreement entitled to grant or procure others to grant licences from the 1st January 1953 to 31st December 1957 for Radio Apparatus as hereinafter defined under all present and future patents of the British Isles originating with the following companies namely:

Marconi's Wireless Telegraph Company Limited

English Electric Company Limited and the subsidiaries of either of them.

(b) that it is and will be for the period from the 1st January 1953 to 31st December 1957 entitled to grant or procure others to grant licences for radio broadcast sound receivers and radio broadcast television receivers for entertainment and education under all British Patents present and future of Compagnie Generale de Telegraphie sans Fil and Societe Francaise Radio-Electrique of Paris subject to one year's notice of termination.

(c) that no licences for any part of the said period from 1st January 1953 to 31st December 1957 under any of the said patents referred to in (a) above has been granted to any third party for any of the said purposes except certain non-exclusive licences to Standard Telephones & Cables Limited to The Marconiphone Company Limited and The Gramophone Company Limited and licences to the A.6 licensees to sell stocks on hand at the expiry of the A.6 licences.

And Whereas (6) Murphy represents:

(a) that subject to the rights (if any) which the British Government may have in respect of patents arising out of Government contracts it is and will be during the period of this Agreement entitled to grant or procure others to grant licences from the 1st Jan-

uary 1953 to 31st December 1957 for Radio Apparatus as hereinafter defined under all present and future patents of the British Isles originating with Murphy and its subsidiaries;

(b) that no licences for any part of the said period from 1st January 1953 to 31st December 1957 under any of the said patents have been granted to any third party for any of the said purposes except licences to the A.6 licensees to sell stocks on hand at the expiry of the A.6 licences.

And Whereas (7) Philips represents:

(a) that subject to the rights (if any) which the Netherlands U. S. A. and British Governments may have in respect of patents arising out of Government contracts it is and will be during the period of this Agreement entitled to grant or procure others to grant licences from the 1st January 1953 to 31st December 1957 for Radio Apparatus as hereinafter defined under all present and future patents of the British Isles originating with the following companies namely:—

Philips Electrical Industries Limited and its subsidiaries N. V. Philips Gloeilampenfabrieken of Eindhoven Holland and all companies owned or controlled by it to the extent of more than 50 per cent by shareholding voting power or otherwise either directly or indirectly and

Hartford National Bank and Trust Company of Hartford Connecticut U. S. A. (in its capacity as Trustee under Indenture dated 25th August 1939) and all companies owned or controlled by it (in its said capacity) to the extent of more than 50 per cent as aforesaid including North American Philips Company Inc. and

Midland Bank Executor & Trust Company Limited (in its capacity as Custodian Trustee under Trust Deed dated 1st May 1939) and all companies owned or controlled by it (in its said capacity) to the extent of more than 50 per cent as aforesaid.

(b) that no license for any part of the said period from 1st January 1953 to 31st December 1957 under any of the said patents has been granted to any third party for any of the said purposes except sundry non-exclusive licences of an unimportant character respecting sundry detail matters and a non-exclusive licence to Western Electric Company Incorporated of U. S. A. under the conditions referred to in Clause 11 (c) hereof and licences to the A.6 licensees to sell stocks on hand at the expiry of the A.6 licences.

And Whereas (8) STC represents:

(a) that subject to the rights (if any) which the British Government may have in respect of patents arising out of Government contracts it is and will be during the period of this Agreement entitled to grant or procure others to grant licences from 1st January 1953 to 31st December 1957 for Radio Apparatus as hereinafter defined under all present and future patents of the British Isles originating with the following companies namely:—

Standard Telephones and Cables Limited and its subsidiaries (including Kolster Brandes Limited

Standard Telecommunication Laboratories Limited and all subsidiaries of any of them)

(b) that subject to the rights (if any) which the U. S. A. or other foreign governments may have in re-

spect of patents arising out of contracts with such governments it is and will be for the period from 1st January 1953 to 31st December 1957 entitled to grant or procure others to grant licences for the manufacture of Radio Apparatus as hereinafter defined under all present and future patents of the British Isles originating with the following companies:—

International Standard Electric Corporation, U. S. A.

Federal Telephone and Radio Corporation, U. S. A.

Federal Telecommunication Laboratories, U. S. A.

Laboratoire Central De Telecommunications, France

and all companies owned or controlled by the said companies;

(c) that no licences for any part of the said period from 1st January 1953 to 31st December 1957 under the said patents of the British Isles originating with Standard Telephones and Cables Limited or its subsidiaries have been granted to any third party for any of said purposes except a non-exclusive licence to Marconi's Wireless Telegraph Company Limited and the Marconiphone Company Limited with respect to patents existing prior to 19th February 1945 and licences to the A.6 licensees to sell stocks on hand at the expiry of the A.6 licences.

And Whereas it is the intention of the parties to grant to bona fide manufacturers in the British Isles patent licences in the field covered by this Agreement on a fair and equitable basis and that other parties shall be invited to join the parties hereto in contributing their patents and granting such licences as aforesaid.

Now It Is Agreed As Follows:

1. For the purpose of this Agreement the following terms are defined as follows:

"Subsidiaries" means and includes any firm or company domiciled in the U. K. and at any time during the period of this Agreement owned or controlled by any of the parties hereto to the extent of more than 50 per cent by shareholding voting power or otherwise either directly or indirectly and in the case of BTH includes Associated Electrical Industries Limited and its subsidiaries and in the case of Philips includes also N. V. Philips' Gloeilampenfabrieken of Eindhoven Holland and Hartford National Bank and Trust Company of Hartford Connecticut U. S. A. (in its capacity as Trustee as aforesaid) and all companies owned or controlled by them or either of them to the extent of more than 50 per cent by shareholding voting power or otherwise including North American Philips Company, Inc. and in the case of MWT includes The English Electric Company Ltd. and its subsidiaries.

"Radio Apparatus" means radio broadcast sound receivers radiogramophones radio broadcast television receivers and combinations of the foregoing with each other all for entertainment and education purposes only or of types normally supplied to the public for domestic use but does not include

(a) electron discharge devices or equivalent devices or lamps of any kind

(b) any broadcast relay apparatus provided however that the terminal units thereof shall be deemed Radio Apparatus

(c) materials or component parts (which expression does not include the items mentioned in (a) above) sold separately (materials or com-

ponent parts which are actually incorporated in and form part of Radio Apparatus are included in the term Radio Apparatus).

(d) television receivers adapted for producing a picture larger than thirty square feet.

"British Isles" means Great Britain Northern Ireland Eire and Isle of Man and the Channel Islands.

2. Subject as hereinafter provided each of the parties hereby grants and agrees to grant to each of the others of them (who hereby accepts and agrees to accept) licences (hereinafter referred to as the said licences) as hereinafter described for Radio Apparatus as above defined, which said licences are only for Radio Apparatus used or intended for use for entertainment and education purposes or being of types normally supplied to the public for domestic use and shall be non-exclusive and non-transferable and shall not include the power to grant sub-licences except to subsidiaries and except as hereinafter provided.

3. The said licences shall begin as from the 1st January 1953 and shall cease at 31st December 1957 Provided however, that the parties hereto shall retain the right thereafter to dispose of stocks of Radio Apparatus then on hand.

4. The said licences shall be in respect of all present and future patents of the British Isles only under which and to the extent to which the parties respectively have or during the term of this Agreement may acquire the right to grant or procure the grant of such licences and which are applicable to the purposes for which the licences are granted and agreed to be granted but to the extent only to which such patents are so applicable.

5. Except as otherwise stated herein the said licences include the right to make use lease sell and otherwise deal in Radio Apparatus.

6. The said licences include the right to the licensee to

have Radio Apparatus or parts thereof manufactured by others for the licensee or its subsidiaries for sale as or for incorporation in the Radio Apparatus of the licensee or its subsidiaries under their respective trade marks or trade names but not otherwise. None of the said licences include any right to manufacture or supply Radio Apparatus except

(i) as the apparatus of the licensee or its subsidiaries under their respective trade marks or trade names or

(ii) for or to other parties who hold a licence from the licensing party hereto, in respect of the patent concerned, for the sale of such apparatus.

Provided however that in the event of any of the parties granting rights to third parties to supply Radio Apparatus under trade marks or trade names other than those belonging to such third parties or to manufacture for or supply to other parties not holding a license as aforesaid then a similar right shall be given to and exercisable by the other parties hereto to manufacture for the same number of others and up to the same total quantity of Radio Apparatus.

7. Unless otherwise agreed no licences are hereby agreed to be granted to import Radio Apparatus into the United Kingdom or to deal in in the United Kingdom imported Radio Apparatus or Radio Apparatus containing imported component parts to an extent exceeding in value 10 per cent of the retail list price of such Radio Apparatus except in each case samples and experimental models for the use of the parties hereto.

8. No licence is granted or implied under any foreign patents and the parties agree that if they are sued for infringement of a foreign patent corresponding to a patent under which they are licensed by this Agreement they will

not rely on the defence that the alleged infringing Radio Apparatus is licensed under the foreign patent by virtue of this Agreement.

9(a) Wherever licences granted or agreed to be granted by any of the parties hereto to any other of them under the term of this Agreement are based upon patent rights held by the licensing party hereto under any Agreement requiring the payment of royalties or other deferred payment measured by the use of the invention the party accepting such licences shall while holding the same make payments measured by its use of the inventions at the same rate and upon the same terms as those required by such Agreements in addition to any royalties payable pursuant to any other clause of this Agreement. Any such payments shall not be deemed a part of the licensing revenue as defined in Clause 11 (l) hereof but shall accrue in whole to the licensing party hereto concerned. The parties respectively declare that no such payments are or shall be payable under this Clause 9(a) in respect of the licences referred to in the recitals hereto.

(b) Notwithstanding anything herein contained, nothing in this Agreement shall be deemed to apply to patent rights acquired hereafter by any of the parties hereto (otherwise than from one of its own employees or subsidiaries) on terms that require money payments not measured by use of the inventions and not being fixed lump sum payments unless and until the parties hereto other than the acquiring party shall have agreed by majority in voting value (calculated as in the case of votes on the Committee) with the acquiring party on the recompense to be paid to the acquiring party to cover a fair share of its cost of acquisition. If such agreement is not reached within one month from the time that the acquiring party has notified the other parties of the patent rights in question and of the compensation requested by it (which notification the acquiring

party shall give promptly) then the acquiring party may grant licences thereunder for Radio Apparatus independently of the other parties hereto on such terms as it thinks fit but in such case it shall contribute to the licensing revenue the excess if any of the royalties received for such licences (within the field of Radio Apparatus) over the amount which is eventually determined by agreement as aforesaid or by arbitration as such fair share of cost of acquisition. Any of the parties hereto may at any time before such amount is agreed as aforesaid submit the question of such amount to arbitration by the London Court of Arbitration but any such arbitration shall have effect only for the purpose of determining the amount of contribution in respect of licences granted independently as above-mentioned.

(c) Such of the licences herein granted and agreed to be granted by any of the parties hereto to any other of them as are based upon patent rights which are subject to rights in favour of third parties are subject to the same limitations as the licensing rights of the grantor but the parties declare that except as referred to in the recitals hereof there are no such limitations on their respective rights to grant the licences referred to in the recitals hereof with regard to the patents referred to therein.

10. The party entitled to receive licenses hereunder based upon patent rights the subject of Clause 9 shall have the option at any time to accept or refuse or (so far as compatible with the relevant agreements) to surrender all or any of such licences.

11(a) The parties agree to join their efforts in order to licence on reasonable terms bona fide manufacturers in the British Isles for the manufacture of Radio Apparatus in the British Isles and for the use and sale therein of Radio Apparatus so manufactured within the field of this

Agreement and to share the revenue derived from such licences the whole on the following terms.

(b) Such licences shall commence as from a date not earlier than the 1st January 1953 and shall remain in force not later than 31st December 1957 Provided however that they may include the right to dispose after 31st December 1957 of stocks then on hand or in process of manufacture.

(c) Each of the parties hereto reserves the right to grant licences separately under all or any of its own patents or patent rights in the following cases namely:

(i) in cases where the principal consideration is not the payment of royalties or commercial arrangements in relation to the supply purchase or sale of goods and

(ii) in cases in which and to the extent that they respectively are or may be obliged to grant licences for television receivers in virtue of their now existing or future commitments to the B. B. C. or to the Postmaster General with regard to Television.

(d) None of the parties hereto shall be obliged to take any action for infringement of their respective patents nor be deemed to warrant the validity thereof.

(e) Each of the parties undertakes during the continuance of this Agreement not to indemnify or to agree to indemnify any person firm or company against or assist any person firm or company to avoid the consequences of any infringement occurring after the 31st December 1952 or any claim for such infringement (within the scope of the licences granted or agreed to be granted by the parties hereto to each other by this Agreement) of any patent under which such party hereto is entitled to a licence hereunder provided however that this does not apply to goods supplied by such party hereto.

(f) For the purpose of facilitating the carrying out of this Clause 11 the parties will appoint a Committee on which each party shall be entitled to appoint a representative and each of the parties shall have voting rights on the said Committee according to the number of votes hereby allotted to them respectively namely Cintel 11 votes, EMI (representing for voting purposes both EMI and BTH) 100 votes, GEC 12 votes, MWT 13½ votes, Murphy 17 votes, Philips 25 votes, and STC 10 votes. If other parties should join with the parties hereto as co-licensors they also may be represented on the Committee but their voting rights thereon shall not be greater than in proportion to the number of points that shall have been allotted to them as referred to in sub-clause (o) of this Clause 11.

(g) All matters appertaining to the Granting and administration of licences in pursuance of this Clause 11 and to procuring other parties to join with the parties hereto in such licensing shall be decided by the Committee by a majority in voting value of the votes of those entitled to be represented on the Committee and the parties hereto undertake to comply with all such majority decisions. The decisions of a majority in voting value (as provided in sub-clause (f) of this clause) of the parties hereto and any Joining Parties (as hereinafter referred to) entitled to be represented on the Committee shall avail as decisions of the Committee and in the case of conflict with the prior decisions of the Committee shall override the latter. No such decisions of the Committee or of the parties hereto and Joining Parties if any which in any respect run contrary to or are inconsistent with any provisions of this Clause 11 shall be effective.

(h) Subject as above provided the Committee shall among other things decide on the terms conditions period and scope (but within the scope of Radio Apparatus as above defined and within the other limitations specified for

the licences granted by the parties to each other) of the licences to be granted in pursuance of this Clause 11 by the parties hereto and/or by Joining Parties and the routine administration in connection therewith and the terms and conditions in which other parties shall be invited or accepted as Joining Parties.

(i) The Committee from time to time may appoint some person to carry on subject in every respect to the instructions given by the Committee from time to time the routine work in connection with the granting of licences under this Clause 11 and the collection of royalties payable under this Agreement.

(j) Such other persons firms or companies as may be decided by the Committee to be desirable as co-licensors may be invited to join the parties hereto for the purpose of granting licences for Radio Apparatus under the provisions of this Clause 11. The terms and conditions on which and the extent to which such others (herein referred to as "Joining Parties") agree to join the parties hereto as aforesaid shall be as may be decided by the Committee and each of the parties hereto shall comply with all the terms so decided except as otherwise herein provided. Such terms may include the grant of a licence within the scope period and territory of this Agreement to such Joining Parties under all or any of the patents of the parties hereto and/or a licence from such Joining Parties to all the parties hereto. Every reasonable effort shall be made to include in the terms a licence for the scope period and territory of this Agreement from such Joining Party to the other parties to this Agreement and their respective subsidiaries free of all royalties other than those specified in sub-clause (n) hereof.

Provided however that no Joining Party shall be entitled to a licence from any party hereto to whom a similar licence from such Joining Party is not by the terms of his

joining made available on the same terms as to the other parties hereto and provided further that if the terms of any such licence to any of the parties hereto would involve the payment by a party hereto of any royalty additional to that which would be payable by virtue of the terms of this Agreement then such party hereto may decline to accept such licence from the Joining Party and to grant any licence to the Joining Party, and in such case shall reserve its freedom to contest or assist others to contest the validity of such Joining Party's patents.

(k) None of the parties hereto shall be obliged to appear as grantors or co-grantors of the licences to be granted in accordance with decisions of the Committee but when a form of proposed licence has been decided on by the Committee each of the parties hereto shall within three weeks thereof indicate to EMI whether or not they wish to so appear. If any party does not so indicate to EMI that it wishes to so appear licensor within the scope and territory and period of this Agreement under all the patents of the party not so wishing to appear may be granted by EMI in the said form and such party declining to appear cannot afterwards claim to have its name inserted as a co-grantor in licences in the said form and if any party does so notify EMI that it wishes to so appear it cannot afterwards refuse to so appear in licences which the Committee decide shall be issued in such form.

(l) The expression "Licensing Revenue" wherever used in this Clause 11 means the net revenue derived by the parties hereto or any of them from the granting of licences referred to in this Clause 11 including the royalties contributed by the parties hereto as hereinafter provided and if any other parties join with the parties hereto as above provided shall include the net revenue derived by such Joining Parties or by the parties hereto or one or more of them from the granting of licences under such Joining

Parties' patent rights excluding however any revenue of such Joining Parties which by the terms of their joining shall have been agreed to be excluded from the licensing revenue. In calculating the net revenue there shall first be deducted the expenses connected with the granting and administration of such licences including all expenses of carrying out the obligations of the licensors under such licences but not expenses of obtaining or maintaining patents or costs or expenses of actions for infringements of patents.

(m) In the case of actions for damages for infringement of patents by the manufacture use or sale of Radio Apparatus between 1st January 1953 and 31st December 1957 within the British Isles any of the parties hereto and Joining Parties who shall have prior to the commencement of such action agreed to bear a fraction of the costs and expenses of such action equal to the ratio between the number of points allotted to it as herein referred to and the total number of points allotted to all parties hereto and Joining Parties shall be entitled to share in the same ratio in the net damages (after deduction of costs and expenses) recovered for such infringement in such action.

(n) Each party hereto will in respect of the period from 1st January 1953 to 31st December 1957 contribute and pay to the licensing revenue royalties in respect of Radio Apparatus sold let on hire or put into use by it during the said period whether utilising inventions the subject of patents or not, the said royalties to be calculated at the same rate or rates and on the same basis as are fixed by the Committee to be paid in similar circumstances (e.g. having regard to volume of business and the minimum royalties the licensee is prepared to guarantee etc.) by a licensee not a party to this Agreement less however if the Committee so decide such proportion thereof as the Committee deems proper in respect of such party's own patents

but not exceeding the proportion which the number of points allotted to the party bears to the total number of points allotted to all the parties and any Joining Parties.

(o) The Licensing Revenue shall be divided between the parties hereto and any Joining Parties in proportion to the number of points allotted to them respectively by this Agreement or by the terms of their joining. The number of points allotted to the parties hereto respectively is agreed to be as follows namely:—

Cintel	11 points
EMI (for itself and BTH)	100 points
GEC	12 points
MWT	13½ points
Murphy	17 points
Philips	25 points
STC	15 points

12. Except as otherwise specified this Agreement shall remain in force until 31st December 1957 and shall then expire (Provided however that the royalties herein provided to be paid by the parties hereto shall be payable on Radio Apparatus on hand at 31st December 1957 but sold thereafter.)

13. If any party (hereinafter referred to as "the said party") hereto shall go or be put into liquidation otherwise than for the purpose of reconstruction or amalgamation or make any arrangement with its creditors generally then and in any such case the parties hereto other than the said party shall be entitled forthwith by joint notice in writing to the said party to determine this Agreement and thereupon all the rights of the said party hereunder shall forthwith cease and determine but without prejudice to the remedy of the other parties hereto to sue for and recover any royalties then due provided that royalties received after such determination in respect of licences granted in pursuance of this Agreement by the said party alone or

with any other party to this Agreement to licensees not being parties to this Agreement shall continue to be divided between the parties hereto including the said party in the proportions herein provided.

14. The parties hereto undertake not to contest or assist others to contest the validity of any Letters Patent under which they respectively receive licenses hereunder Provided however that each of them reserves the right to contest or assist others to contest the validity of any such Letters Patent in any proceedings relating to products other than those for which licences are by this Agreement agreed to be given and in any proceedings if the result of such contestation might affect the validity or scope of one of its own patents.

15. This Agreement and the rights and obligations thereunder shall not be assigned or transferred to any third party without the consent in writing of all parties hereto.

16. Each of the parties hereto undertakes to procure all its subsidiaries as hereinbefore defined to comply with all the terms of this Agreement as if they were a part or department of the party of which they are subsidiaries.

17. No party will dispose of its rights in such a way as to diminish or restrict any of the licences or rights to which the other parties are entitled hereunder provided that nothing herein contained shall oblige any party to maintain any patents in force or to maintain in force any agreements with third parties other than such as are necessary to enable it to comply with its representations in the recitals to this Agreement.

18. No licences shall be granted by any party hereto for Radio Apparatus in the British Isles in respect of the period from 1st January 1953 to 31st December 1957 except in accordance with the decisions of the Committee or in the cases mentioned in Clause 11 (c) (i) (ii) and Recital No.

.....

19. The expressions "party" "parties" "other party" or "Joining Party" wherever used in this Agreement shall each of them so far as the context permits include the respective subsidiaries (as herein defined) of any of them respectively.

In Witness Whereof the Common Seals of the parties hereto have been hereunto affixed the day and year first above written.

The Common Seal of The British Thomson-Houston Company Limited was hereunto affixed in the presence of: Seal

K. R. Hoxkirk
Director

A. S. Wilson
for Secretary
(duly authorized)

The Common Seal of Cinema-Television Limited was hereunto affixed in the presence of: Seal

C. C. Moore
Director

S. E. A. Pitman
Secretary

The Common Seal of Electric & Musical Industries Limited was hereunto affixed in the presence of: Seal

L. J. Brown
Director

F. T. (illegible)
Secretary

The Common Seal of The General Electric Company Limited was hereunto affixed in the presence of: Seal

T. W. Heather
Reg. C. Giggins
Directors
E. J. Cutts
Asst. Secretary

The Common Seal of Marconi's Wireless Telegraph Company Limited was hereunto affixed in the presence of: Seal

E. Crowe
J. ?. Woods
Directors
L. J. King (?)
Secretary

The Common Seal of Murphy Radio Limited was hereunto affixed in the presence of: Seal

F. B. Duncan
E. W. Kent
Directors
W. Ross
Secretary

The Common Seal of Philips Electrical Industries Limited was hereunto affixed in the presence of: Seal

S. S. Eriks
John Venning
Directors
C. F. Cogwell
Secretary

The Common Seal of Standard Telephones and Cables Limited was hereunto affixed in the presence of:

.....

.....

In The Matter of Letters Patent No. 552,659 dated 27th March 1942 and granted to Hazeltine Corporation of 59-25, Little Neck Parkway, Little Neck 62, New York, United States of America, formerly of 15, Exchange Place, Jersey City, New Jersey, United States of America for "Colour Television Signal-Translating System."

and

In The Matter of an Application under Section 24 of the Patents Act 1949 for extension of term of the Letters Patent.

Faith, Owen & Fraser,
4, Paper Buildings,
Temple,
London, E.C.4.

DEFENDANT'S EXHIBIT NO. 59.

Marconi's Wireless Telegraph Company Limited,
Marconi House, Strand, London, W. C. 2.

23rd September, 1957.

The General Electric Co., Ltd.,
Magnet House,
Kingsway,
London, W. C. 2.

Dear Sirs,

Extension of Broadcast Pooling Agreements of May 12th, 1953 and October 29th, 1953.

All parties to the above agreements having verbally agreed that, subject to certain conditions, the period of the said agreements which ends on December 31st, 1957 shall be extended it is hereby confirmed as follows:

1. The said agreements shall expire on June 30th, 1960 and the words "December 31st 1957" wherever occurring shall be deemed to be so altered.

2. Effective from January 1st, 1958, the Licensing Revenue to be divided between the parties shall be divided between the parties in proportion to the revised number of points allotted to them respectively as under:

B. T. H. / E. M. I.	90.060423
Cintel	11.000000
G. E. C.	10.807251
M. W. T.	12.158157
Murphy	21.725000
Philips	22.515106
Pye	21.725000
S. T. C.	13.509063
	203.500000

Yours faithfully,
(Signed) F. C. Topham.

We agree and accept the above.
(Original signed by Mr. T. W. Heather
For and on behalf of the
General Electric Co., Ltd.)

DEFENDANT'S EXHIBIT NO. 60.

(Letterhead of Marconi's Wireless Telegraph Company Limited, Marconi House, Strand, London, W. C. 2.)

13th September, 1960.

The General Electric Co. Ltd.,
Magnet House,
Kingsway,
London, W. C. 2.

Dear Sirs,

Broadcast Pooling Agreements of May 12th, 1953 (Main Agreement) and October 29th, 1953.

By Letters of Agreement dated 23-9-57 (Marconi's Wireless Telegraph Co. Ltd. 11-10-57) from all parties to the above Agreements and subject to certain conditions, the period of the said Agreements was extended to June 30th 1960.

Subject to the modifications and additions set out below the parties (other than the British Thomson-Houston Co. Ltd.) now agree to a further extension of the said Agreements to June 30th 1964 which shall come into effect as from July 1st, 1960 and the dates June 30th, 1960 (formerly December 31st, 1957) whenever occurring shall be read as June 30th, 1964.

1. The name "British Thomson-Houston Co. Ltd." wherever it occurs shall be deemed to be deleted together with all representations made by and references to that Company.
2. The name "Cinema-Television Ltd." wherever it occurs shall be deemed to be replaced by "Rank Cintel Ltd."

3. The representation made by Electric & Musical Industries Ltd. relating to the British Patents of the Radio Corporation of America in Recital (3)(b) shall be deemed to be deleted (together with Exhibit "A" referred to therein relating thereto) except in-so-far as it relates to patents on inventions made and conceived by the R. C. A. prior to January 1st, 1945.

4. The representation made by Marconi's Wireless Telegraph Co. Ltd. relating to the British Patents of Compagnie Generale de Telegraphie sans Fil and Societe Francaise, Radio-Electrique of Paris in Recital (5)(b) shall be deemed to have added "the Agreement from which these rights flow is subject to one year's prior notice of termination."

5. The references to "A6 Licences and Licensees" whenever occurring in the Recitals shall be deemed to read "A7 Licences and Licensees".

6. The following deletions and amendments shall be deemed to have been made to the main Agreement:

   (i) Clauses 2, 3, 4, 5, 6, 7, 9(a), 9(b), 10 and 11(n) relating to the Grant of Licences between the parties shall be deleted.

   (ii) Clause 8 shall read:

   "The parties agree that if they are sued for infringement of a foreign patent corresponding to a patent under which they are licensed pursuant to this Agreement they will not rely on the defense that the alleged infringing Radio Apparatus is licensed under the foreign patent pursuant to this Agreement."

   (ii) Clause 9(c) shall read:

   "Such of the licences herein agreed to be granted by the parties hereto in the form here-

inafter referred to as Licences A8-S and A8-T as are based upon patent rights which are subject to rights in favour of third parties are subject to the same limitations as the licensing rights of the grantor but the parties declare that except as referred to in the recitals hereof there are no such limitations on their respective rights to grant the licences referred to in the recitals hereof with regard to the patents referred to therein.

(iv) Clause 11(b) shall read:

"Such licences shall be in the form of Licence A8-S and Licence A8-T attached hereto (or in such other form as may be agreed by the parties hereto as hereinafter provided), and each of the parties hereto agreed to accept Licences in such form in the event that it or any of its subsidiaries is engaged in the manufacture and/or sale of Radio Apparatus".

(v) Clause 11(e) shall read:

"Each of the parties undertakes during the continuance of this Agreement not to indemnify or to agree to indemnify any person firm or company against or assist any person firm or company to avoid the consequences of any infringement occurring after the 31st December 1952 or any claim for such infringement (within the scope of the licences agreed to be granted by the parties hereto in the form of Licenses A8-S and A8-T) of any patent under which such party hereto is entitled to a licence hereunder provided however that this does not apply to goods supplied by such party hereto".

(vi) Clause (11g) shall be read as if the following words,

"Provided however that no variations shall be made in the terms and conditions of the said Licences A8-S and A8-T without the unanimous consent of the parties hereto except the British Thomson-Houston Co. Ltd. as at the 30th June 1960. Subject as aforesaid . . .".

were inserted after the words "majority decisions" in line 7 of that Clause.

(vii) Clause 11(j) shall read as if the words "sub-clause (n) hereof" were replaced by the words "the said Licenses A8-S and A8-T".

(viii) Clause 11(l) shall read as if the words "as hereinafter provided" in Line 5 were deleted.

(ix) The list of points set out in Clause 11(o) shall read:

E.M.I.	56½ points
Murphy	28½ points
Pye	28½ points
Philips	23½ points
S. T. C.	18½ points
G. E. C.	16½ points
Cintel	15 points
M. W. T.	13 points
	200

and the said Agreement of May 12th 1953 shall be read as modified accordingly.

The voting power of the Members of the Committee referred to in Clause 11(f) shall be modified in accordance with the foregoing.

(x) Clause 12 shall read as if the proviso to that Clause were deleted.

(xi) Clause 18 shall read as if the words "(3) (d) or for imports of such apparatus" were added after the words "Recital No."

7. It is agreed that if prior to June 30th 1964 a recognised public entertainment service of colour television is inaugurated in the United Kingdom the points values set out in paragraph 6(ix) above shall be re-examined with particular reference to patents applicable to the colour aspect of the said service. If, as a result of such re-examination the Committee agrees that it is fair and reasonable that a change should be made in the number of points allocated to the G. E. C. (or to any other Member having a specialized interest in colour) then such change shall be made with effect from the date of the inauguration of the said service.

Yours faithfully,

For and on behalf of

Electric & Musical Industries Limited.

The General Electric Company Limited.

Marconi's Wireless Telegraph Company Limited.

Murphy Radio Limited.

Philips Electrical Industries Limited.

Pye Limited.

Standard Telephones and Cables Limited.

F. C. Topham.

We agree and accept the above.

For and on behalf of
The General Electric Company Limited.
Illegible,
Director.

DEFENDANT'S EXHIBIT NO. 61.

Dated ..... 192.....

Marconi's Wireless Telegraph Co., Limited

To

.....

License

To use and exercise certain British Letters Patent for certain specific purposes as within in connection with the Broadcast Wireless Scheme.

License A.

An Agreement made the ..... day of ..... 192..... Between Marconi's Wireless Telegraph Company Limited having its registered office at Marconi House Strand London (hereinafter called "the Company") of the one part and ..... of ..... (hereinafter called "the Licensees") of the other part Whereas the Licensees claim to be bona fide British Manufacturers of Wireless Telegraphic and Telephonic apparatus and as such Manufacturers have applied to the Company to grant and the Company has agreed to grant to the Licensees such a Licence as is hereinafter expressed Now It is Hereby Agreed as follows:

1. The Company grants to the Licensees personally (but subject always to Clause 3(c) hereof) License to use and exercise all or any of the inventions the subject of the British Letters Patent now belonging to or controlled by the Company or in respect of which the Company

have power to grant Licenses or Sub-Licenses and specifically set forth in the First Schedule hereto and any other (if any) British Letters Patent which at the 15th December 1922 were owned or controlled by the Company or in respect of which the Company had power to grant Licenses or Sub-Licenses and not included in the said First Schedule but which are or may be useful to the Licensees for the specific purposes of this License and (subject always to Clause 3(c) hereof) to manufacture use sell or let on hire apparatus constructed in accordance with the inventions the subject of all or any of the said Letters Patent (which Letters Patent are hereinafter collectively called "the said Letters Patent") but only to the extent and for the purpose specifically defined and limited in the Second Schedule hereto such License to continue until determined or revoked as hereinafter provided and to be subject to the due performance and observance by the Licensees of the Agreements on their part and conditions herein contained.

2. The Licensees agree with the Company as follows:

(a) Not to use or exercise or knowingly permit to be used or exercised any of the said Letters Patent for any purpose whatsoever other than the purpose specifically defined in the Second Schedule hereto and in particular not to use or exercise or knowingly permit to be used or exercised any of the said Letters Patent for any revenue earning purposes or for purposes of receiving broadcasting in relation in any manner to the service of any place of public entertainment or of any place in which any business requiring any License is conducted.

(b) Not to export or sell for export or knowingly permit to be exported any apparatus made hereunder.

(c) From time to time on request of the Company to furnish to the Company diagrams and/or samples of all apparatus for the time being manufactured hereunder.

(d) To attach in a prominent position to all apparatus made hereunder a plate bearing the words "This instrument is licensed under Marconi Patents for domestic or private use only in Gread Britain and must not directly or indirectly be turned to account for revenue earning purposes or knowingly be supplied for use or used in any place of public entertainment or in any place in which any business requiring any License is conducted."

(e) To cause to be printed or otherwise marked on their invoices to purchasers hirers or renters a notification that the apparatus sold hired or rented is only for reception of "'Broadcasting" in Great Britain Ireland the Irish Free State the Channel Islands and the Isle of Man only for private and/or domestic or household use only and is not to be used for any commercial or revenue earning purpose.

(f) So far as is reasonably practicable to make the conditions of this License a condition of every sale or hire binding upon and observable by every purchaser or hirer of any apparatus made hereunder.

(g) During the subsistence of this License to pay to the Company by way of royalty the sum of Twelve Shillings and Six Pence in respect of each and every valve holder employed in all apparatus (including spare parts and renewals embodying a valve holder or valve holders) manufactured and/or sold by the Licensees for the purpose spe-

cifically defined and limited by the Second Schedule hereto.

(h) To keep proper accurate and separate accounts of everything necessary to ensure an accurate return to be made each quarter in conformity with any of the provisions of this License and to render such accounts within 15 days of each usual quarter day and to accompany each such account with a remittance in respect of the royalty thereby shown to be due.

(i) To permit the Company's Auditors if desired to inspect the books and accounts of the Licensees relative to this License and on the request of the Company to cause any quarterly return to be verified by the Statutory Declaration of the proper officer of the Licensees.

(j) To deposit with the Company if so requested on the execution hereof the sum of Fifty Pounds to be retained by the Company during the subsistence of this License by way of security for the due payment by the Licensees to the Company of all sums due or accruing due for royalty hereunder.

(k) Not at any time during the subsistence of this License to dispute or impeach or assist others to dispute or impeach the validity of any of the said Letters Patent.

(l) To manufacture in Great Britain and not elsewhere all apparatus required under this License.

(m) Not to assign transfer mortgage grant Sub-Licenses under or in any manner part with the possession or control of this License or of any part of it.

(n) Not to sell any valves other than valves manu-

factured by the M. O. Valve Company Limited or by persons firms or Companies duly licensed by the Company so long as the Manufacturers obtain supplies of the said valves in sufficient quantities to meet their reasonable requirements.

(o) During the subsistence of this License to pay to the Company the sum of Twelve Shillings and Six Pence in respect of each and every valve holder employed in all sets of component parts of apparatus manufactured and/or sold by the Licensees for the purpose specifically defined in and limited by the Second Schedule hereto (whether or not such apparatus is designed or intended to embody or utilise any invention the subject of any of the said Letters Patent) and to provide with all such sets of component parts a plate bearing the wording set out in Clause 2(d) hereof for attachment by the Constructor to the instrument when completely assembled.

3. It Is Mutually Agreed as follows:

(a) His Majesty's Postmaster-General for the time being shall at all times determine the delimitation of "Broadcasting" and such determination shall be binding on the parties hereto.

(b) Either party may at any time by giving not less than twelve calendar months' notice in writing to the other determine this License so far as to prevent any future rights or obligations arising hereunder.

(c) Nothing herein contained shall authorise the Licensees to manufacture thermionic valves of any kind.

(d) During the subsistence of this License the Com-

pany will keep the Licensees fully indemnified from and against all actions proceedings claims and demands which may be made against the Licensees by any third party who establishes to the satisfaction of a Court of competent jurisdiction in England his right to restrain the user and exercise by the Licensees of any of the said Letters Patent in connection with the purpose of this license as specifically defined in the Second Schedule hereto on the ground that such user and exercise is an infringement of any legal rights or legal interests of such third party in such Letters Patent.

(e) The Company may assume at their own cost the defence of any such proceedings as are referred to in Sub-clause (d) of this clause and may defend compromise submit to judgment in abandon discontinue or otherwise dispose of the same as to the Company may seem expedient. If the Company shall fail within seven days of a request in that behalf in writing by the Licensees to assume such defense the Licensees shall be entitled to defend or to compromise or submit to judgment in the same and in any such case the Company shall hold the Licensees fully indemnified in respect of costs damages or charges in the same manner as if the Company had themselves assumed such defense.

(f) In this License the expression "place of public entertainment" means at present only a place of public entertainment now existing or which during the subsistence of this License may exist and at which entertainment tax is payable. If during the subsistence of this License entertain-

ment tax should be abolished then thereafter the expression "place of public entertainment" in this License means only a place of public entertainment now existing or which during the subsistence of this License may exist of the character of those places of public entertainment at which at the present time entertainment tax is in fact payable.

4. Upon the determination or revocation of this License it shall be ascertained what (if any) sum remains due from the Licensees to the Company in respect of royalties and if the amount so due exceeds the said deposited sum of Fifty Pounds the excess shall be forthwith paid by the Licensees to the Company; and if the amount so due is less than the said deposited sum of Fifty Pounds the Company shall forthwith repay to the Licensees the difference between the amount so due and the said deposited sum of Fifty Pounds.

5. The Company may revoke this License upon the happening of any of the following events:

(a) If any royalty return or any royalty shown to be due is not rendered or is unpaid for fifteen days after the due date; or

(b) If there be any breach of any other of the agreements on the part of the Licensees herein contained and the same be not remedied made good or desisted from within seven days of notice in that behalf from the Company; or

(c) If the Licensee shall become bankrupt or compound with their creditors or (being a Company) shall go into liquidation whether voluntary or compulsory;

and any such revocation of this License shall be without prejudice to all claims of the Company against the Licensees for prior breaches of this License or otherwise.

In Witness whereof an Agent hereunto duly authorised has on behalf of the Company hereunto on its behalf set his hand and the Licensees have hereunto set their hands. A Director of the Licensees hereunto duly authorised has hereunto on the Licensees behalf set his hand the day and year first above written.

The Schedules above referred to.

First Schedule.

Patents which at 15th December 1922 stood in the name of or were controlled by the Company or in respect of which the Company had power to grant Licenses or Sub-Licenses.

British Patent	Grantee	Title
8,821/13	William Phillips Thomson (communicated by Gesellschaft for drahtlom Telegraphic m.b.H.)	A receiving arrangement for use in wireless telegraphy and telephony.
13,636/16	Marconi's Fireless Telegraph Co., Ltd. and C. S. Franklin.	Improvements in receivers for use in wireless telegraphy and telephony.
8,926/15	Marconi's Wireless Telegraph Co., Ltd. and G. M. Wright.	Improvements in wireless telegraph receivers.
127,013	L. N. Brillouin & G. A. Beauvais.	Improvements in or relating to receiving apparatus for wireless telegraphy.
127,014	L. N. Brillouin & G. A. Beauvais.	Improvements in or relating to telephone installations particularly for wireless telegraphy.
131,054	L. N. Brillouin.	Improvements in or relating to telephone installations particularly for wireless telegraphy.
131,055	L. N. Brillouin.	Improvements in or relating to telephone installations particularly for wireless telegraphy.
149,433	H. J. Round.	Improvements in thermionic receiving devices for wireless telegraphy and telephony.
159,984	H. J. Round.	Improvements in thermionic amplifiers and detectors.
147,147	British Thomson-Houston Co., Ltd. (Assignees of E. W. F. Alexanderson).	Improvements in and relating to wireless signalling systems.
147,148	British Thomson-Houston Co., Ltd., (Assignees of Dr. I. Langmuir of the General Electric Company of America).	Improvements in and relating to electron discharge devices.
151,346	British Thomson-Houston Co., Ltd., (a communication from General Electric Company of America).	Improvements in and relating to amplification of electric currents.
168,893	British Thomson-Houston Co., Ltd., (Assignees of Dr. I. Langmuir of the General Electric Company of America).	Improvements in and relating to electron discharge amplifiers.

Second Schedule.

To manufacture sell or hire on rental within Great Britain Ireland the Irish Free State the Channel Islands and the Isle of Man and not elsewhere Wireless Telegraphic or Telephonic apparatus only for the reception only of Broadcasting in Great Britain, Ireland the Irish Free State the Channel Islands and the Isle of Man and not elsewhere but only for private and/or domestic use or for the purposes of lectures or demonstrations in any Institution of a Charitable educational philanthrops or religious character such lectures or demonstrations not being open to the public gennerally and not being held for payment.

For and on behalf of Marconi's Wireless Telegraph Company Limited

Signed by .....
A Director of and for and on behalf of Marconi's Wireless Teleghaph Company Limited in the presence of
.....

Director.

Signed by .....
the presence of
.....

Signed by .....
A Director of and for and on behalf of ..... in the presence of
.....

For and on behalf of
.....
Limited,
.....
Director.

DEFENDANT'S EXHIBIT NO. 62.

Licence A.4 (2nd Edition).

An Agreement made the ..... day of ....., 193....., Between The British Thomson-Houston Company Limited having its registered office at Crown House Aldwych W.C.2 and Electric and Musical Industries Limited having its registered office at Hayes Middlesex and Hazelpat Limited having its registered office at Jamaica Buildings St. Michael's Alley Cornhill London E.C.3 and Marconi's Wireless Telegraph Company Limited having its registered office at Marconi Offices Electra House Victoria Embankment London W.C.2 and Standard Telephones And Cables Limited having its registered office at Connaught House 63 Aldwych London W.C.2 and Western Electric Company Limited having its registered office at Bush House Aldwych London W.C.2 (hereinafter together called "the Grantors" which expression shall mean all the said companies except where used in connection with broadcast receiving apparatus as hereinafter defined in which case it shall mean only Electric & Musical Industries Limited Hazelpat Limited Marconi's Wireless Telegraph Company Limited and Standard Telephones & Cables Limited) of the first part and..... of ..... (hereinafter called "the Licensee") of the second part.

Whereas the Licensee claims to be a bona fide British Manufacturer of wireless broadcast reviewing apparatus and/or radiogramophones and as such manufacturer has applied to the Grantors to grant and the Grantors have agreed to grant to the Licensee a Licence under the Letters Patent and upon the terms and conditions hereinafter mentioned and in consideration of the royalties herein reserved and assessed upon a basis agreed between the parties as being convenient Now It Is Hereby Agreed As Follows:—

1. (a) The expression "broadcast receiving apparatus when herein used shall mean apparatus which is designed to incorporate valves (whether or not equipped with the valves themselves) and which is designed to receive and translate (or to assist in such reception and translation) modulated electrical oscillations broadcast to the public for the sole purpose of sound reproduction. Such expression does not include valves or single components and does not include broadcast receiving apparatus combined with other apparatus dependent thereon either wholly or in part for its operation but does include battery eliminators as hereinafter defined (whether incorporated in broadcast receiving apparatus or independent thereof) and except for the purposes of Clause 4(f) (i) any set of component parts as hereinafter defined for broadcast receiving apparatus.

(b) The expression "radiogramophone" when herein used shall mean a unitary instrument which is designed to incorporate valves (whether or not equipped with the valves themselves) and which is designed for the reproduction of sound through an electrically-operated loudspeaker alternatively from (a) apparatus designed for the reception and translation into sound of modulated electrical oscillations broadcast to the public and (b) apparatus (such as a turntable and pick-up) designed for the translation into sound of vibrations recorded on a sound record. Such expression does not include valves and does not include any radiogramophone combined with other apparatus dependent thereon either wholly or in part for its operation but does include a playing desk sold with broadcast receiving apparatus and capable of being used in combination therewith and battery eliminators as hereinafter defined when incorporated in a radogramophone and except for the purposes of Clause 4 (f) (iii) any set of component parts as hereinafter defined for a radiogramophone.

(c) The expression "set of component parts" for broad-

cast receiving apparatus or a radiogramophone respectively when herein used shall mean a number of component parts which are capable of being assembled so as substantially to constitute broadcast receiving apparatus or a radiogramophone respectively.

(d) The expression "battery eliminator" when herein used shall mean an apparatus which renders unnecessary the use of one or more batteries in the operation of broadcast receiving apparatus or a radiogramophone by facilitating the substitution therefor of electricity mains.

(e) The word "valve" (or "valves") when herein used shall be deemed where the context so admits to include inter alia a multiple valve a valve for rectifying electric current and other apparatus used in direct substitution for a valve.

(f) The expression "multiple valve" when herein used shall mean a valve designed to operate with more than one cathode-anode stream.

(g) The expression "place of public entertainment" when herein used shall mean a place of public entertainment now existing or which during the subsistence of this Licence may exist and at which entertainment tax is or shall be payable or would be payable but for any statutory exemption granted subsequent to August 28th 1933. If during the subsistence of this Licence entertainment tax should be abolished then thereafter the expression shall mean a place of public entertainment now existing or which during the subsistence of the Licence may exist of the character of those places of public entertainment at which at the present time entertainment tax is in fact payable or would be payable but for any statutory exemption granted subsequent to August 28th 1933.

(h) The expression "private or domestic use" as used herein shall be deemed to include also the manufacture and sale of broadcast receiving apparatus and radiogramo-

phones to proprietors of for use in Public Houses Hotels Boarding Houses Restaurants Cafes Tea Houses and/or small Dance Halls (only) Provided that such are not attached to or do not form part of a theatre or cinema.

(i) The expression "selling" when herein used shall be deemed to include selling on the so-called hire-purchase system.

2. (a) The Grantors grant and agree to grant to the Licensees subject to the terms and conditions herein appearing a personal non-exclusive non-assignable Licence to use and exercise all or any of the inventions the subject of British Letters Patent applicable to broadcast receiving apparatus and radiogramophones respectively in respect of which and insofar as the Grantors of any of them respectively now have or may hereafter during the subsistence of this Licence have power to grant Licences or sub-Licences for the purposes and on the terms hereof (which Letters Patent are herein collectively called "the said Letters Patent") for the purposes of manufacturing using selling or letting on hire within Great Britain Northern Ireland Irish Free State the Channel Islands and the Isle of Man (a) broadcast receiving apparatus and (b) radiogramophones but in both cases only for private or domestic use or for the purpose of lectures or demonstrations in any institution of a charitable educational philanthropic or religious character (such lectures or demonstrations not being open to the public generally and not being held for payment) and not otherwise. Such Licence shall be deemed to have commenced on the 29th August 1933 and shall continue until 28th August 1938 unless previously revoked as hereinafter provided.

(b) The Licence hereby granted shall apply not only to the Licensee but to all Companies partnerships or businesses now or hereafter during the subsistence of this Licence directly or indirectly owned or controlled by the Licen-

see and engaged in any field of business to which this Licence is applicable. The Licensee hereby undertakes that all such sibsidiary Companies or businesses if separate legal entities will if required by the Grantors accept licences upon the same terms as this licence and the Grantors agree to grant such licences accordingly. Provided that the Licensee shall have the option from time to time of determining that this Licence and all separate licences if any granted to such subsidiary Companies or businesses formed by the Licensee for making or selling the products of the Licensee shall be purposes of computation of royalties be treated as one Licence. If the Licensee shall become directly or indirectly owned or controlled by a Company or Firm which does not hold or forthwith obtain a License from the Grantors upon the same terms as this Licence the Grantors shall be at liberty to revoke this Licence.

3. (a) Nothing contained herein shall be deemed to licence the Licensee to manufacture sell or let on hire (a) valves of any kind or (b) loudspeakers of any kind (except as part of a complete broadcast receiver or of a radiogramophone) or (c) television receiving apparatus.

(b) Nothing herein contained shall be deemed to license the Licensee to manufacture sell or let on hire any individual component part of broadcast receiving apparatus or a radiogramophone other than in and forming part of broadcast receiving apparatus or a radiogramophone.

(c) The Licence hereby granted shall not authorize the use or exercise of broadcast receiving apparatus or any radiogramophone for any purpose whatsoever other than the purposes herein set forth and in particular shall not authorise the use or exercise of any of the said apparatus by operating the same for revenue-earning purposes. Nor shall this Licence authorise the use or exercise of any of the said apparatus for purposes of receiving broadcasting or operating any radiogramophone in relation in any manner

to the service of any place of public entertainment or of any place in which any business requiring any Licence from public authority is conducted (except insofar as such use is authorised under the definiton of "private and domestic" use) or for use with a microphone.

4. The Licensee agrees with the Grantors as follows:

(a) Not without the previous written consent of the Grantors to export or sell for export or knowingly permit to be exported any broadcast receiving apparatus or radiogramophones. Such consent shall be given unless the Grantors or any of them have definite commitments prohibiting the same, but any consent will not imply or grant licences under foreign patents.

(b) Not without the previous written consent of the Grantors to sell let or hire or put into use in the territory for which this Licence is granted any broadcast receiving apparatus or radiogramophone which has not been manufactured in the territory for which this Licence is granted.

(c) From time to time on the request of the Grantors to furnish to the Grantors diagrams and/or samples of all broadcast receiving apparatus and radiogramophones for the time being manufactured or sold by the Licensee.

(d) To attach or cause to be attached in a prominent position to all broadcast receiving apparatus and radiogramophones sold or put into use by the Licensee (or in the case of sets of component parts of such apparatus to supply for attachment by the constructor to the assembled apparatus) a plate indicating the number of valves (as hereinbefore defined but subject to the Provisos contained in Sub-Clauses (f) (i) to (iv) of this Clause) on which the royalty for such apparatus is payable and bearing the following words. With respect to broadcast receiving apparatus:— "No. ..... This instrument is manufactured under a Licence granted by Electric & Musical Industries Limited, Hazelpat Limited, Marconi's Wireless Telegraph

Company Limited and Standard Telephones & Cables Limited in respect of their patents for the reception in Great Britain Northern Ireland Irish Free State the Channel Islands and the Isle of Man, of sound broadcast by wireless but only for private use and not for operation for any public or commercial or revenue earning purpose. N. B.—A Post Office Licence is necessary." With respect to radiogramophones:—"No. ..... This instrument is manufactured under a Licence granted by the British Thomson-Houston Company Limited, Electric & Musical Industries Limited, Hazelpat Limited, Marconi's Wireless Telegraph Company Limited, Standard Telephones & Cables Limited and Western Electric Company Limited in respect of their patents for the reception in Great Britain Northern Ireland Irish Free State the Channel Islands and the Isle of Man of sound broadcast by wireless and for the reproduction in said countries of sound from records but only for private use and not for operation for any public or commercial or revenue-earning purpose. N. B.—A Post Office Licence is necessary." Such plates shall be obtained only from and shall be supplied by the Grantors at the lowest possible cost price to the Grantors and no such plate shall be removed from any apparatus to any other without the previous consent in writing of the Grantors and no apparatus shall be considered as duly franked hereunder unless such plate be attached thereto.

(e) So far as is reasonably practicable to make the conditions of this Licence a condition of every sale or hire binding upon and observable by every purchaser or hirer of any broadcast receiving apparatus or any radiogrammophone sold or put into use by the Licensee.

(f) Subject to any special terms of payment contained in any Schedule which may be attached to and form part of this Licence to pay to the Grantors by way of royalty:

(i) In respect of each and every broadcast receiv-

ing apparatus sold let on hire or put into use by the Licensee employing or designed to employ a valve or valves the sum of two shillings and sixpence in respect of each and every valve included or intended to be employed therein whether or not such apparatus embodies or utilises or is designed or intended to embody or utilise any invention the subject of any of the said Letters Patent Provided that in the case of multiple valves employed or intended to be employed in such broadcast receiving apparatus each and every cathode-anode stream contained therein shall be deemed to be one valve and the royalty shall be calculated accordingly.

(ii) In respect of each and every set of component parts for broadcast receiving apparatus sold let on hire or put into use by the Licensee employing or designed to employ a valve or valves the sum of one shilling and threepence in respect of each and every valve included or intended to be employed therewith whether or not such set of component parts embodies or utilises or is designed or intended to embody or utilise any invention the subject of any of the said Letters Patent Provided that in the case of multiple valves included or intended to be employed with such set of component parts each and every cathode-anode stream contained therein shall be deemed to be one valve and the royalty shall be calculated accordingly.

(iii) In respect of each and every radiogramophone sold let on hire or put into use by the Licensee employing or designed to employ a valve or valves (a) the sum of two shillings and sixpence in respect of each and every valve employed or intended to be employed therein and in addition (b) the sum of two shillings and sixpence whether or not such radiogramophone embodies or utilises or is designed or intended to em-

body or utilise any invention the subject of any of the said Letters Patent Provided that in the case of multiple valves employed or intended to be employed in such radiogramophone each and every cathode-anode stream contained therein shall be deemed to be one valve and the royalty shall be calculated accordingly.

(iv) In respect of each and every set of component parts intended for assembly into a radiogramophone sold let on hire or put into use by the License employing or designed to employ a valve or valves (a) the sum of one shilling and threepence in respect of each and every valve included or intended to be employed there with and in addition (b) the sum of two shillings and sixpence whether or not such set of component parts embodies or utilises or is designed or intended to embody or utilise any invention the subject of the said Letters Patent Provided that in the case of multiple valves included or intended to be employed with such set of component parts each and every cathode-anode stream contained therein shall be deemed to be one valve and the royalty shall be calculated accordingly.

Provided Always that under paragraphs (i) and (iii) of this Sub-Clause (f) and irrespective of the number of valves contained therein no royalty shall be payable in respect of a battery eliminator or mains rectifying valve or valves incorporated in and forming part of a complete broadcast receiver or radiogramophone and that in respect of each and every battery eliminator sold as a separate unit the royalty payable shall be the sum of one shilling and threepence and Provided Always that in respect of broadcast receiving apparatus or radiogramophones manufactured or sold by the Licensee which employ any of the said Letters Patent under which the Grantors or any of them may be liable to pay a royalty to a third party or share a royalty with a third party the Licensee

shall pay to the Grantors an additional royalty of such amount as may be required to enable the Grantors out of the total royalties paid by the Licensee both to retain the royalties payable under paragraphs (i) to (iv) inclusive of this Sub-Clause (f) and to satisfy the terms of the Licence or Agreement under which royalty is or shall be payable by the Grantors or any of them. No additional liability under this proviso shall be imposed upon the Licensee by any modification of any existing agreement between the Grantors or any of them. The Grantors shall upon the request of the Licensee and the Licensee shall upon request of the Grantors permit the Grantors to examine free of charge diagrams and/or samples of broadcast receiving apparatus and radiogramophones manufactured or proposed to be manufactured by the Licensee and advise whether such apparatus embodies or utilises any invention the subject of any of the said Letters Patent under which the Grantors or any of them may be liable for royalty to a third party as hereinmentioned. The Grantors shall inform the Licensee of the amount of any such additional royalty and any such additional royalty shall be shown separately in the returns hereinafter mentioned.

(g) To keep proper and accurate and separate accounts of everything necessary to ensure an accurate return to be made each quarter in conformity with any of the provisions of this Licence showing separately the royalties payable under each of the paragraphs (i) to (iv) of the last preceding Sub-Clause (f) and to render such accounts within fifteen days of each 31st March 30th June 30th September and 31st December to such person as the Grantors may designate to the Licensee from time to time and to accompany each such account with a remitance in respect of the royalty thereby shown to be due. Should the Licensee fail to keep the accounts referred to in this Clause and be unable to provide any reasonable explanation for failure to do so

the Grantors without prejudice to any other rights or remedies available to them may by notice in writing to the Licensee assess the amount of royalty estimated by them to be due and the amount of royalty so assessed shall be deemed to be due from the licensee in the absence of reasonable evidence to the contrary and shall be payable accordingly.

(h) To permit the auditors of the Grantors to inspect the books and accounts of the Licensee relative to this Licence and on the request of the Grantors to cause any quarterly return to be verified by the statutory declaration of the proper officer or auditors of the Licensee. Provided that the Licensee shall have the right to require that the auditor making such inspection shall be an independent auditor and that if the Licensee shall have failed to render accounts or if the accounts rendered by him are by such inspection shown to be inaccurate the Licensee shall pay the cost of such independent audit.

(i) To pay to the Grantors on the execution hereof and in advance each year during the period of this Licence the sum of £150 as minimum royalty for the yearly period which sum shall in no event be returnable.

(j) Not at any time during the subsistence hereof to dispute or impeach or assist others to dispute or impeach the validity of any of the said Letters Patent.

(k) Not to assign transfer mortgage grant Sub-Licenses under or in any manner part with the possession or control of this Licence or any part of it without the previous written consent of the Grantors.

5. During the subsistence of this Licence the Grantors will keep the Licensee fully indemnified against costs and damages arising in connection with all actions proceedings claims and demands which may be made against the Licensee by any third party who seeks to establish or establishes to the satisfaction of a court of competent jurisdic-

tion in England his right to restrain the user and exercise by the Licensee under the grant contained in this Licence of any of the said Letters Patent on the ground that such user and exercise is an infringement of any legal rights or legal interests of such third party in such Letters Patent provided always that the Grantors are immediately informed of the institution of such proceedings and are given full and complete rights to take over at their own cost and through their own Solicitors the defence of such proceedings if they so request and in that event the Licensee shall assist the Grantors in every reasonable manner but the Grantors shall be at liberty to compromise submit to judgment in abandon discontinue or otherwise dispose of the same as to them may seem expedient.

6. The Grantors may revoke this Licence upon the happening of any of the following events:

(a) If any royalty return or any royalty shown to be due is not rendered or is unpaid for thirty days after the preceding 31st March 30th June 30th September and 31st December and remains unrendered or unpaid for seven days after notice in that behalf from the Grantors or

(b) If there be any breach on the part of the Licensee of any other of the agreements herein contained and the same be not remedied made good or desisted from within seven days of notice in that behalf from the Grantors or

(c) If the Licensee shall become bankrupt or compound with his creditors or (being a company) shall go into liquidation whether voluntary or compulsory.

Any revocation of this Licence shall be without prejudice to all claims of the Grantors against the Licensee for outstanding royalties or prior breaches of this Licence or otherwise and also without prejudice to the provision of Clause 7 thereof.

7.(a) The Licensee agrees to grant to the Grantors or any of them personally upon request non-exclusive non-

transferable licenses (but with the right to sub-license subsidiary or associated companies) to make use exercise and vend all or any of the inventions the subject of British Letters Patent applicable to broadcast receiving apparatus and/or a radiogramophone in respect of which and insofar as the Licensee has or shall hereafter have power to grant a Licence for the purposes of manufacturing using selling or letting on hire within Great Britain Northern Ireland Irish Free State the Channel Islands and the Isle of Man broadcast receiving apparatus and/or radiogramophones but only for private or domestic use or for the purpose of lectures or demonstrations in any institution of a charitable educational philanthropic or religious character (such lectures or demonstrations not being open to the pubic generally and not being held for payment) and not otherwise.

(b) If any invention in respect of which any such licence is herein agreed to be granted by the Licensee comes within the scope of the claims of any Letters Patent in respect of which a Licence is granted or agreed to be granted hereunder by the Grantors then the Grantors or such of them as request a licence shall pay no royalty. If any such invention does not come within the scope as aforesaid then the Grantors or such of them as request a licence shall be entitled to such licence on payment of a royalty at a rate not exceeding the lowest rate paid by any licensee in respect of the same invention or if there is no other licensee then at a rate not exceeding 5% (five per cent) of the net selling price of the article manufactured in accordance therewith or (whether or not there is another licensee) not exceeding the rate paid by the Licensee to the Grantors hereunder whichever is the smaller.

(c) Any such Licence granted by the Licensee shall continue until the 28th August 1938 or for such other period as may be agreed upon.

In Witness Whereof an Agent hereunto duly authorized has on behalf of the Grantors hereunto on their behalf set his hand and the Licensee has hereunder set his hand.

A Director of the Licensee hereunto duly authorized has hereunto on the Licensee's behalf set his hand the day and year first above written.

For and on behalf of:
The British Thompson-Houston Company Limited
Electric and Musical Industries Limited
Hazelpat Limited
Marconi's Wireless Telegraph Company Limited
Standard Telephones and Cables Limited
Western Electric Company Limited

Signed by .....
for and on behalf of the Grantors
in the presence of

Signed by .....
in the presence of

For and on behalf of:
Limited

Limited.
Dire

Signed by .....
A Director of and for and on behalf of
in the presence of

Notes.

1. Licensees.

(a) whose royalty payments in any year ending September 30th are likely to exceed £1800 or

(b) who are prepared to guarantee in respect of any year ending September 30th a minimum royalty for that year of £500 or £4000 payable in each case by quarterly payments in advance may be entitled to the benefit of Schedule "A"

particulars of which will be issued to such Licensees on application.

2. With reference to Clause 2(a) the Licensee's attention is directed to the fact that Standard Telephones and Cables Limited is not in a position to grant licenses in respect of Loud Speakers incorporated in Broadcast Receiving Apparatus.

3. All returns, remittances and communications for the Grantors under this Licence should be addressed to Marconi's Wireless Telegraph Company Limited, Marconi Offices, Electra House, Victoria Embankment, London, W.C.2.

Schedule "A".

The Licence dated ..... to which this Schedule is attached is to be deemed to be subject to the following terms and conditions which are to be deemed part of it.

1. Valve Basis.

(a) When the amount of royalty payable by the Licensee calculated upon the rates under and in accordance with Clause 4 sub-clause (f) paragraphs (i) to (iv) and the first proviso thereto inclusive (hereinafter called "the basic rates") during any year ending September 30th exceeds

£1,800, it shall be subject to a reduction for that year as per the following formula:

$$A=1{,}800\sqrt{X-0.8}$$

where A is the amount actually payable and X is the total amount in thousands of pounds calculated at the basic rates.

The royalty payable under this formula shall, however, never be less than one shilling per valve in the case of complete broadcast receiving apparatus and radiogramophones and sixpence per valve in the case of sets of component parts. The formula shall cease to apply when the royalty has been reduced to these rates, which rates shall continue to apply to all production thereafter during the agreed year.

(b) If in respect of any year ending September 30th the Licensee guarantee a minimum royalty of £500 payable in equal quarterly payments in advance, he shall, subject to such minimum, be entitled to a discount of 5% upon the amount of his liability for royalty payable under the basic rates provided that such discount shall not be in addition to any reduction obtainable under the formula given in sub-clause (a) above.

2. Turnover Basis.

If in respect of any year ending 30th September the Licensee guarantees a minimum royalty of £4,000 or £6,000 payable in equal quarterly payments in advance, he may elect, prior to the commencement of that year, or in the case of the year ending September 30th 1934 within a reasonable time after the date hereof, to pay royalty during such year, in accordance with the following formula:

$$A=10\sqrt{T}$$

where A is the amount payable and T is the turnover in pounds, the turnover being defined as the total of nett invoice price (irrespective of the actual cash received) on all apparatus sold upon which royalty would be payable under

the above mentioned basic rates and inclusive of all parts (including valves, battery eliminators, loudspeakers, batteries, cabinets and so forth) sold as part of any complete instrument or set of component parts, and cash received in respect of hire of apparatus on rental as distinct from hire purchase.

Should the Licensee sell part or all of his products upon which royalty would be payable under the Licence through another company from which he is directly or indirectly entitled to trading profits he may if he is allowing exceptionally favourable terms to the selling company be required to substitute the nett turnover in those products by the selling company in place of his own invoice values to the said selling company.

Provided:

(i) That if the amount calculated in accordance with the formula $A=10\sqrt{T}$ in respect of any such year for which the licensee has guaranteed a minimum royalty payment of £4,000 does not amount to £4,000, then the Licensee shall pay, in respect of such year, in addition to the guarantee of £4,000 plus any surcharge which may become due in accordance with proviso (iii) below, the amount, if any, by which royalty calculated according to the formula specified in Clause 1(a) above—namely $A=1{,}800\sqrt{X-0.8}$—exceeds the sum of £4,000 plus any such surcharge.

(ii) That the amount payable shall not be less than 1.25 % of T.

(iii) That should the gross revenue of the Grantors in respect of licensing within the same scope as the A.4 Licence (2nd Edition) of any of the said Letters Patent being inclusive of all amounts due to them from Licensees which may not subsequently be collected and inclusive also of all nett damages and other payments

obtained from non-Licensees for the use within the same scope as the A.4 Licence (2nd Edition) of any of the said Letters Patent in respect of the period of the Licence, be less than £120,000 in any year ending September 30th there shall be a surcharge not exceeding 33⅓% or 25% on the amount payable by any Licensee guaranteeing the minimum payment of £4,000 or of £6,000 respectively. Such surcharge in aggregate shall be limited to an amount necessary to bring the said gross revenue up to £120,000.

(iv) That should the said gross revenue of the Grantors calculated as aforesaid be less than £70,000 in any such year the Licensee shall revert to the basic rates subject to the terms of Clause I of this Schedule but if the Licensee shall within three calendar months after receiving notice from the Grantors of such reversion refuse to accept the same then the Grantors shall have the option of continuing his Licence on the turnover basis or, alternatively, of revoking the Licence. This reversion shall not in any event operate prior to the year commencing the 1st October 1935.

3. The royalty of two shillings and sixpence per radiogramophone payable under Clause 4(f)(iii)(b) and 4(f)(iv)(b) of the Licence and any separate and additional royalty payable under the second proviso of Clause 4(f) of the Licence shall not be taken into account in any calculation of royalty payable on the alternative bases set out in Clauses 1 and 2 hereof but shall be paid in addition thereto.

4. In the case of the Licensee manufacturing any broadcast receiving apparatus and/or radiogramophones on contract (that is making for a third party for sale under the name or mark of such third party) the royalty payments hereunder shall be calculated separately on each individual contract instead of on the aggregate amount of all contracts.

In Witness Whereof an Agent hereunto duly authorized

has on behalf of the Grantors hereunto on their behalf set his hand and the Licensee has hereunto set his hand.

A Director of the Licensee hereunto duly authorized has hereunto on the Licensee's behalf set his hand the ..... day of .....

For and on behalf of:

The British Thomson-Houston Company Limited

Electric and Musical Industries Limited

Hazelpat Limited

Marconi's Wireless Telegraph Company Limited

Standard Telephones and Cables Limited

Western Electric Company Limited

Signed by .....
for and on behalf of the Grantors in the presence of

Signed by .....
in the presence of:

For and on behalf of:

Limited.
Director.

Signed by .....
A Director of and for and on behalf of
in the presence of

Second Edition.

License A.4.

Dated ..... 193.....

The British Thomson-Houston Co. Ltd.
Electric and Musical Industries Ltd.
Hazelpat Limited
Marconi's Wireless Telegraph Co. Ltd.
Standard Telephones and Cables Ltd.
Western Electric Co. Ltd.

and

Licence.

To use and exercise certain British Letters Patent for certain specific purposes as within in connection with Wireless Broadcast Receiving Apparatus and/or Radiogramophones.

DEFENDANT'S EXHIBIT NO. 63.

Exhibit I

Licence A.5.

An Agreement made this ..... day of ....., 19..... Between The British Thomson-Houston Company Limited having its registered office at Crown House Aldwych London W.C.2 and Electric and Musical Industries Limited having its registered office at Blyth Road Hayes Middlesex and The General Electric Company Limited having its registered office at Magnet House, Kingsway, London, W.C.2 and The Gramophone Company Limited having its registered office at Blyth Road Hayes Middlesex and Marconi's Wireless Telegraph Company Limited having

its registered office at Marconi Offices Electra House Victoria Embankment London W.C.2 and Philips Lamps Limited having its registered office at Spencer House South Place Finsbury London E.C.2 (hereinafter together called "the Grantors" which expression shall mean all the said companies except where used in connection with broadcast receivers as hereinafter defined in which case it shall mean only the last-named four companies) of the first part and ..... of ..... hereinafter called "the Licensee") of the second part

Whereas the Licensee has applied to the Grantors to grant and the Grantors have agreed to grant to the Licensee a Licence under their respective Patent rights and upon the terms and conditions hereinafter mentioned and in consideration of the royalties herein reserved and assessed upon a basis agreed between the parties as being convenient Now It Is Hereby Agreed as follows:—

1(a). The expression "broadcast receivers" when herein used shall mean apparatus which is designed to incorporate valves (whether or not equipped with the valves themselves) and which is designed to receive and translate modulated electrical oscillations broadcast to the public for sound and/or television reception whether or not in the case of television reception such apparatus is in the same cabinet with or is adapted to be used with a radiogramophone. Such expression does not include valves or cathode ray tubes whether or not incorporated in the apparatus nor separate components but does include apparatus capable of being used for television reception when attached to apparatus for sound reproduction.

(b) The expression "radiogramophone" when herein used shall mean an instrument (whether or not in the same cabinet with or adapted to be used with apparatus for television reception) which is designed to incorporate

valves (whether or not equipped with the valves themselves) and which may be used for the reproduction of sound through an electrically-operated loudspeaker alternatively from (i) apparatus designed for the reception and translation into sound of modulated electrical oscillations broadcast to the public and (ii) apparatus (such as a turntable and pick-up) designed for the translation into sound of vibrations recorded on a disc sound record. Such expression does not include valves or cathode ray tubes whether or not incorporated in the instrument nor separate components but does include playing desks designed for use in combination with broadcast receivers.

(c) The expression "selling" or "sold" when herein used shall be deemed to include selling or sales on hire-purchase systems.

2.(a). The Grantors grant and agree to grant to the Licensee subject to the terms and conditions herein appearing personal non-exclusive non-assignable licences to use and exercise all or any of the inventions the subject of

(i) the British and Irish Free State Letters Patent set out in the Schedule hereto so far as they are applicable to broadcast receivers and radiogramophones respectively; and

(ii) any other British and Irish Free State Letters Patent applicable to broadcast receivers and radiogramophones respectively in respect of which and insofar as the Grantors or any of them respectively now have or may hereafter during the subsistence of this Licence have power to grant Licences for the purposes and on the terms hereof

(which Letters Patent are herein collectively called "the said Letters Patent") for the purpose of manufacturing using selling or letting on hire within Great Britain Northern Ireland the Irish Free State the Channel Islands and the Isle of Man (a) broadcast receivers and/or (b) radio-

gramophones but in either case only for private or domestic use or for the purposes of lectures or demonstrations in any institution of a charitable educational philanthropic or religious character (such lectures or demonstrations not being open to the public generally) but not for revenue earning purposes or otherwise. This Licence shall be deemed to have commenced on ..... and shall continue until 31st December 1941 unless previously determined as hereinafter provided.

(b) The Grantors will upon request furnish lists of patents (additional to those set out in the Schedule hereto) which in their opinion are of interest to Licensees generally for the purposes of this Licence and included in the said Letters Patent.

(c) Nothing contained herein shall be deemed to license the Licensee to manufacture use sell let on hire or otherwise deal in valves or cathode ray tubes of any kind nor to sell or let on hire separate components.

3. Notwithstanding the provisions of Clause 2(a) hereof the Licensee agrees and undertakes that all companies partnerships or businesses now or hereafter during the subsistence of this Licence directly or indirectly owned or controlled by the Licensee and engaged in any field of business to which this Licence is applicable shall be bound by and be subject to all the terms and conditions of this Licence.

4. The Licensee agrees with the Grantors as follows:—

(a) Not without the previous written consent of the Grantors to export or sell for export or knowingly permit to be exported any broadcast receivers or radiogramophones. Such consent shall be given unless the Grantors or any of them have commitments prohibiting the same but the Grantors decision shall be accepted as final and any consent will not imply or grant licences under foreign patents.

(b) Not without the previous written consent of the Grantors to sell let on hire or put into use any broadcast receiver or radiogramophone which has not been manufactured in the territory for which this Licence is granted. No broadcast receiver or radiogramophone shall be deemed to have been so manufactured within the meaning of this Licence which incorporates imported components and accessories sold therewith (such as for example cabinets and valves and cathode ray tubes etc.) to an extent per broadcast receiver and/or radiogramophone greater in value than 10 per cent. of the retail selling price thereof.

(c) To attach or cause to be attached in a prominent position to all broadcast receivers and radiogramophones sold let on hire or put into use by the Licensee a separate plate manufactured in accordance with a design approved and notified by the Grantors to the Licensee (who is hereby authorized to use the said design in accordance with this sub-clause (c) only) and carrying a serial number allocated by the Grantors and bearing the following words. With respect to broadcast receivers: "Royalty Plate. Great Britain, Northern Ireland, Irish Free State, Channel Islands and Isle of Man. This plate is issued by or with the authority of E.M.I., The G.E.C., The Gramophone Company, the Marconi Company, Murphy and Philips. Serial No. ..... N.B.—A Post Office Licence is necessary." With respect to radiogramophones: "Royalty Plate. Great Britain, Northern Ireland, Irish Free State, Channel Islands and Isle of Man. This plate is issued by or with the authority of the B.T.H. Company, E.M.I., The G.E.C., The Gramophone Company, the Marconi Company, Murphy and Philips. Serial No. ..... N.B.—A Post Office Licence is necessary." Such plates may be obtained from and upon request by the Licensee shall be supplied by the Grantors at cost price to the Grantors. No plates shall be disposed of or utilised by the Licensee except as herein provided and

upon the termination of this Licence for any cause whatsoever all unused plates except those required under the first proviso of Clause 4 sub-clause (d) hereof shall be delivered up to the Grantors.

(d) To pay to the parties of the first part:—

In respect of all broadcast receivers and radiogramophones sold let on hire or put into use by the Licensee during the subsistence of this Licence whether or not such apparatus embodies or utilises or is designed or intended to embody or utilise any invention the subject of any of the said Letters Patent royalties upon the following scale based on the Licensee's nett turnover as hereinafter defined:—

On the first £40,000 (£0 to £40,000) nett turnover in each year ending December 31st.....	6%
On the next £80,000 (£40,000 to £120,000) nett turnover in such year.....	3%
On the next £80,000 (£120,000 to £200,000) nett turnover in such year.....	1.5%
On the next £200,000 (£200,000 to £400,000) nett turnover in such year.....	.75%
On the excess over £400,000 nett turnover in such year.....	1.875%

Nevertheless in respect of the period from the commencement of this Licence to the 31st December 1938 the rate of royalty payable by the Licensee on his nett turnover in such period shall be the average rate of royalty which would have been payable on the total nett turnover of the Licensee in the year ending 31st December 1938 had such total nett turnover been subject to the payment of royalty hereunder.

And In Addition a sum of two shillings and sixpence in respect of every radiogramophone: and a sum of five shillings in respect of every broadcast receiver intended for the reception of television.

The amounts payable according to this sub-clause (d)

shall be ascertained and paid quarterly as provided in sub-clause (e) hereof.

The expression "nett turnover" where herein used shall mean the total of nett invoice prices (whether or not paid) of broadcast receivers and radiogramophones and of parts and accessories (such as for example valves cathode ray tubes batteries cabinets etc.) pertaining to such apparatus and sold as part of its equipment but less an agreed allowance of 20% of such invoice prices as representing valves and cathode ray tubes when included in such invoice prices In the case of apparatus let on hire as distinct from apparatus sold on hire purchase the amounts payable in respect of such hire (whether or not received) shall be deemed to be the nett invoice prices. In the case of apparatus put into use by the Licensee the invoice price shall be estimated as if a normal sale had been made.

Provided Always

(i) That royalty shall be payable upon all broadcast receivers and radiogramophones manufactured prior to but remaining unsold at the date of termination of this Licence and shall be calculated in accordance with the invoice prices current immediately prior to the date of such termination and royalty plates shall be attached thereto.

(ii) That in the event that the Licensee sells to any party referred to in Clause 3 hereof he shall if so requested by the Grantors substitute part of whole of the nett turnover of such party for the corresponding part or whole of his own nett turnover.

(iii) In the further event that the Licensee sells broadcast receivers or radiogramophones to any party referred to in Clause 3 hereof which performs further manufacturing or assembling operations on or makes additions to same then royalty shall be calculated upon the nett invoice price of the final products.

(iv) In the event that the Licensee manufactures broadcast receivers or radiogramophones for sale under the name or mark of a party other than a party referred to in Clause 3 the Licensee's turnover in respect of such manufacture shall if so requested by the Grantors be calculated separately in respect of each such first-mentioned party and treated as a separate nett turnover and appropriate separate royalty payments made.

(v) In respect of broadcast receivers or radiogramophones manufactured used sold or let on hire by the Licensee which employ any of the said Letters Patent under which the Grantors or any of them may be liable to pay a royalty to a third party or share a royalty with a third party the Licensee shall pay to the Grantors an additional royalty of such amount as may be required to enable to Grantors out of the total royalties paid by the Licensee both to retain the royalties payable hereunder and to satisfy the terms of the Licence or Agreement under which royalty is or shall be payable by the Grantors or any of them. The Grantors shall upon the request of the Licensee and the Licensee shall upon the request of the Grantors permit the Grantors to examine free of charge diagrams and/or samples of broadcast receivers and radiogramophones manufactured or proposed to be manufactured by the Licensee and advise whether such apparatus embodies or utilises any invention the subject of any of the said Letters Patent under which the Grantors or any of them may be liable for royalty to a third party as herein mentioned. The Grantors will from time to time notify the Licensee in writing of any of the said Letters Patent in respect of which additional royalty is payable by the Licensee as aforesaid and the amount of such royalty. Any such additional royalties payable

hereunder shall be shown separately in the returns hereinafter mentioned. Nevertheless the Licensee may by giving notice in writing to the Grantors within two months of such notification by the Grantors elect to relinquish the Licence herein granted in respect of any such Letters Patent whereupon such Letters Patent shall be deemed for all purposes to be and to have been always excluded from this Licence.

(e) To keep accounts of everything necessary to ensure accurate returns of all apparatus the subject of royalty under this agreement being rendered quarterly to such person(s) as the Grantors may designate to the Licensee from time to time and to render such returns upon the forms supplied by the Grantors within one month of each 31st March 30th June 30th September and 31st December and to accompany each such return with a remittance for the royalty due. The Licensee shall show on each such return for the quarter in question

(i) the amount of the said "nett turnover" as defined in Clause (d); and

(ii) the amonut of the said nett turnover which represents radiogramophones whether or not combined with television receiving apparatus and the total number of such instruments; and

(iii) the fractions of the amount of the said nett turnover which respectively represent television receiving apparatus incorporating and not incorporating means for reproducing sound broadcast signals not accompanying television signals; and

(iv) The total number of instruments of all kinds intended for television reception whether or not combined with radiogramophones.

and shall show separately the like particulars in respect of the business of any of the controlled companies partnerships or businesses referred to in Clause 3 hereof.

(f) To pay to the Grantors interest upon all unpaid royalties at the rate of four per centum per annum as from the date or dates upon which any royalty shall have become payable in accordance with the provisions of sub-clause (e).

(g) To permit the auditors of the Grantors to inspect the books and accounts of the Licensee relative to this Licence and on the request of the Grantors to cause any quarterly return to be verified by the statutory declaration of the proper officer or auditor of the Licensee. Provided that the Licensee shall have the right to acquire that the auditor making such inspection shall be an independent auditor and that if the Licensee shall have failed to render accounts or if the accounts rendered by him are by such inspection shown to be inaccurate the Licensee shall pay the cost of such independent audit without prejudice to any other remedies or claims of the Grantors.

(h) Not at any time during the subsistence hereof directly or indirectly to dispute or impeach or to assist others to dispute or impeach the validity of any of the said Letters Patent nor the right of the Grantors or any of them to grant the Licences hereby granted and agreed to be granted.

(i) If so requested to pay to the Grantors on the execution hereof and in advance each year during the period of this Licence a minimum royalty calculated at the rate of £150 per annum which shall in no event be returnable.

(j) Not to assign transfer mortgage grant sub-licences under or in any manner part with the possession or control or benefit of this Licence or any part of it without the previous written consent of the Grantors.

5. For all purposes of this Agreement all broadcast receivers and/or radiogramophones manufactured sold let on hire or put into use by any of the companies partnerships or businesses referred to in Clause 3 above shall be deemed to have been manufactured sold let on hire or put into use by the Licensee who shall pay the royalties accordingly.

6. During the subsistence of this Licence and so long as no royalties shall be owing and unpaid hereunder the Grantors will keep the Licensee fully indemnified against costs and damages awarded in connection with all actions proceedings claims and demands which may be made against the Licensee by any third party who establishes to the satisfaction of a court of competent jurisdiction in England his right to restrain the user and exercise by the Licensee within the limits of the grants contained in this Agreement of any of the said Letters Patent on the ground that such user and exercise is an infringement of any lawful rights of such third party in such Letters Patent provided always that the Grantors are immediately informed of the institution of such proceedings and are given full and complete rights to take over at their own cost and in the name of the Licensee or other defendants and through their own Solicitors the defense of such proceedings if they so request and in that event the Licensee shall assist the Grantors in every reasonable manner but the Grantors shall be at liberty to compromise submit to judgment in abandon discontinue or otherwise dispose of the same as to them may seem expedient.

7. The Licensee agrees to grant to the Grantors or any of them personally upon request non-exclusive non-transferable licenees (but with the right to sublicence subsidiary or associated companies) to make use exercise and vend all or any of the inventions the subject of British and/or Irish Free State Letters Patent applicable to broadcast receivers or radiogramophones in respect of which and insofar as the Licensee has or shall hereafter have power to grant a licence for the purposes of manufacturing using selling or letting on hire within Great Britain Northern Ireland the Irish Free State the Channel Islands and the Isle of Man broadcast receivers or radiogramophones such licences to be at a reasonable rate of royalty having regard to the rate

of royalty payable to the Grantors by the Licensee hereunder to be settled by arbitration in default of agreement but in any case to be at a rate not exceeding the lowest rate paid by any licensee in respect of the same invention.

8. The Grantors may determine this Licence upon the happening of any of the following events:

(a) If any royalty return or any royalty payable is not rendered or is unpaid for thirty days after the preceding 31st March 30th June 30th September and 31st December and remains unrendered or unpaid for seven days after notice in that behalf from the Grantors, or

(b) If the royalty returns or payments in respect of any company partnership or business referred to in Clause 3 herein are not duly rendered or made, or

(c) If there be any breach on the part of the Licensee of any other of the terms or conditions herein contained and the same be not remedied made good or desisted from within seven days of notice in that behalf from the Grantors, or

(d) If the Licensee shall become bankrupt or compound with his creditors or (being a company) shall have a receiver appointed or go into liquidation whether voluntary or compulsory, or

(e) If any Company which at any time during the subsistence of this Licence controls the Licensee or is under the same control as the Licensee and is engaged in any field of business to which this Licence is applicable does not hold or at the request of the Grantors does not accept within one month of such request a license upon the same terms and conditions as are contained in this License.

Any determination of this License shall be without prejudice to all claims of the Grantors against the Licensee for outstanding royalties or prior breaches of this License or otherwise.

9. All returns remittances and communications for the

Grantors under this License shall until further notice by the Grantors be addressed and sent to Mr. F. C. Topham, Marconi Offices, Electra House, Victoria Embankment, London, W. C. 2, and all cheques made payable to Marconi's Wireless Telegraph Co., Ltd.

The Schedule Before Referred To

231420	392383	433996	451227	575028
231420	392801	433996	451227	475028
231421	393520	436403	452585	475420
345796	399068	437481	453261	478356
248731	400976	437726	453858	478511
250162	401990	438010	454996	478775
250931	402181	438506	454375	478815
256644	406629	438832	458655	479599
256967	404349	440199	459251	481731
260148	404401	440333	459568	481750
279808	405897	440337	460186	481858
283120	406895	440483	460675	483348
285020	409574	440494	461360	483504
287958	410619	441847	462323	484202
291014	413946	442682	462832	484412
293462	416302	442685	463254	487641
296829	417284	443423	463604	487687
303758	419441	443637	463625	487768
310284	420685	444178	464418	487953
312354	422349	445140	464946	488111
323823	422824	445543	465273	488294
340090	422906	445580	465593	488717
344373	423213	445763	465703	489094
352772	423685	446663	466020	490136
359168	423932	447828	466404	490225
361351	424714	448779	467263	490346
372155	424779	449177	467430	490400
378134	425553	449205	468994	490819
381847	425629	449533	470140	491063
381868	426893	450081	471737	493758
382316	427650	450136	471762	494734
382514	427913	450520	472739	
384583	429217	450664	472923	
388292	430507	450806	474386	
391521	431327	451204	474682	

In Witness Whereof an Agent hereunto duly authorised has on behalf of the Grantors hereunto on their behalf set his hand and the Licensee has hereunder set his hand.

A Director of the Licensee hereunto duly authorised has hereunto on the Licensee's behalf set his hand the day and year first above written.

For and on behalf of:

The British Thomson-Houston Company Limited

Electric and Musical Industries Limited

The General Electric Company Limited

The Gramophone Company Limited

Marconi's Wireless Telegraph Company Limited

Philips Lamps Limited

Signed by .....
for and on behalf of the Grantors
in the presence of:

Signed by .....
in the presence of:

For and on behalf of:

Limited
Director.

Signed by .....
A Director of and for and on behalf of:
in the presence of:

DEFENDANT'S EXHIBIT NO. 64.

A-5 License Extension

Exhibit I-1

Marconi's Wireless Telegraph Company Limited,
Marconi Offices,
Electra House,
Victoria Embankment,
London, W. C. 2.

(Date)

To: (Ref.) (No.)

Dear Sirs,

The Grantors now have pleasure in confirming that your Licence A.5. dated 21st February, 1939, as modified by letter P/T 31773 of the 17th September, 1941, is hereby further extended until the 31st December, 1947. All the terms and conditions of the said licence as modified by the said letter shall remain in full force and effect, so far as applicable, until the said 31st December 1947, subject, however, to the following amendments which shall come into effect on and from the 1st November 1945:

1. Sub-clause (a) of Clause 4 of the said Licence shall be deemed to be deleted. (It is to be noted that this deletion does not imply any extension, territorial or otherwise, of the rights granted and defined in the said Licence.)
2. Lines 7, 8 and 9 of Sub-clause (d) of Clause 4 of the said Licence shall be deemed to be deleted and replaced by the following:
   On the first £60,000 (£0 to £60,000) nett turnover in each year ending December 31st....4%
   On the next £60,000 (£60,000 to £120,000) nett turnover in such year.....3%

3. The List of Patents set out in the Schedule to the said Licence shall be deemed to be deleted and replaced by the Revised Schedule of Patents attached hereto.

Yours faithfully,

For and on behalf of:
The British Thomson-Houston Company Limited
Electric and Musical Industries Limited
The General Electric Company Limited
The Gramophone Company Limited
Marconi's Wireless Telegraph Company Limited
Philips Lamps Limited
(6d. Stamp.)
(Signed) F. G. Topham.

We agree and accept the above.
(A Schedule of Patents is attached.)

DEFENDANT'S EXHIBIT NO. 65.

Exhibit J

Licence A.6.

An Agreement made this 31st day of August 1948 Between The British Thomson-Houston Company Limited having its registered office at Crown House Aldwych London W. C. 2 and Electric & Musical Industries Limited having its registered office at Blyth Road Hayes Middlesex and The General Electric Company Limited having its registered office at Magnet House Kingsway London W. C. 2 and Marconi's Wireless Telegraph Company Limited having its registered office at Marconi Offices Electra House Victoria Embankment London W. C. 2 and Philips Electrical Industries Limited having its Head Office at Century House Shaftesbury Avenue London W. C. 2 and Standard Telephones and Cables Limited having its registered office at Connaught House Aldwych London W. C. 2 (hereinafter together called "the Grantors") of the first part and ..... of ..... (hereinafter called "the Licensee") of the second part.

Whereas the Licensee has applied to the Grantors to grant and the Grantors have agreed to grant to the Licensee a Licence under their respective patent rights and upon the terms and conditions hereinafter mentioned and in consideration of the royalties herein reserved and assessed Now It is Hereby Agreed between the parties as follows:

1. (a) The expression "broadcast receivers" when herein used shall mean apparatus which is designed to incorporate valves (whether or not equipped with the valves themselves) and which is intended to receive and translate

modulated electrical oscillations broadcast for sound and/or television reception and which is of a type ordinarily sold to the public for domestic entertainment. In the case of television reception such apparatus may or may not be contained in the same cabinet as (or be adapted to be used with) a radiogramophone. Such expression shall include frequency conversion units for amplitude modulation or frequency modulation broadcast reception. Sets of component parts as hereinafter defined are also included.

(b) The expression "radiogramophone" when herein used shall mean an instrument (whether or not in the same cabinet with or adapted to be used with apparatus for television reception) which is designed to incorporate valves (whether or not equipped with the valves themselves) and which may be used for the reproduction of sound through an electrically-operated loudspeaker alternatively from

(i) apparatus intended for the reception and translation into sound of broadcast modulated electrical oscillations or

(ii) apparatus designed for the translation into sound of vibrations recorded on a sound record

and which is of a type ordinarily sold to the public for domestic entertainment. Such expression shall include sets of component parts as hereinafter defined.

(c) The expression "set of component parts" for broadcast receivers or radiogramophones respectively shall mean a number of component parts which are capable of being assembled so as substantially to constitute a broadcast receiver or a radiogramophone respectively.

(d) The expression "selling" or "sold" when herein used shall be deemed to include selling or sales on hire-purchase.

2. (a) The Grantors grant and agree to grant to the Licensee subject to the terms and conditions herein appearing personal non-exclusive non-assignable licences to use and exercise all or any of the inventions the subject of

(i) The British Letters Patent set out in the Schedule hereto so far as they are applica to broadcast receivers and radiogramophones respectively; and

(ii) any other British and any Eireann Letters Patent applicable to broadcast receivers and radiogramophones respectively in respect of which and insofar as the Grantors or any of them respectively now have or may hereafter during the subsistence of this Licence have power to grant Licences for the purposes and on the terms hereof

(which Letters Patent are herein collectively called "the said Letters Patent") for the purposes of manufacturing broadcast receivers and/or radiogramophones within Great Britain Northern Ireland Eire the Channel Islands and the Isle of Man and of using selling or letting on hire such apparatus so manufactured.

This Licence shall be deemed to have commenced on and shall continue until 31st December 1952 unless previously determined as hereinafter provided.

(b) Nothing contained herein shall be deemed to license the Licensee under the said Letters Patent to manufacture use sell let on hire or otherwise deal in valves or cathode ray tubes or lamps of any kind nor to sell or let on hire separate components.

3. Notwithstanding the provisions of Clause 2(a) hereof the Licensee agrees and undertakes that all companies partnerships or businesses now or hereafter during the subsistence of this License directly or indirectly owned or controlled by the Licensee and engaged an any field of business to which is Licence is applicable shall be bound

by and be subject to all the terms and conditions of this Licence in the like manner as the Licensee.

4. The Licensee agrees with the Grantors as follows:—

(a) Not without the previous written consent of the Grantors to sell any broadcast receiver or radiogramophone which has not been manufactured in the territory for which this Licence is granted. No broadcast receiver or radiogramophone shall be deemed to have been so manufactured within the meaning of this Licence which incorporates imported components and accessories sold therewith (such as for example cabinets and valves and cathode ray tubes, etc.) to an extent per broadcast receiver and/or radiogramophone greater in value than ten percent of the retail selling price thereof.

(b) To cause to be attached in a prominent position to all broadcast receivers and radiogramophones sold let on hire or put into use by the Licensee a licence plate in accordance with a design and wording authorized and notified by the Grantors to the Licensee which plate shall be inscribed by the Grantors with a serial number allocated by the Grantors. Such plates may be obtained from the Grantors at cost price. No plates shall be disposed of by the Licensee except as herein provided and upon the termination of this Licence all unused plates except those required under the first proviso of Clause 4 sub-clause (c) hereof shall be delivered up to the Grantors.

(c) To pay to the Grantors:—

Royalties at the rate of 1½% (one and a half per centum) on the Licensee's nett turnover as hereinafter defined. The expression "nett turnover" where herein used shall mean the total of nett invoice prices (whether or not paid and before deduction of settlement discounts) of all broadcast receivers and radiogramophones sold let on hire or put into use by the Licensee during the subsistence of this Licence whether

or not such apparatus embodies or utilises or is designed or intended to embody or utilise any invention the subject of the said Letters Patent including in such prices the prices of all parts and accessories (such as for example valves cathode ray tubes batteries cabinets etc.) normally incorporated in or forming part of complete broadcast receivers or radiogramophones and sold as part thereof but shall not include Purchase Tax or Customs Duties thereon. In the case of apparatus let on hire as distinct from apparatus sold on hire purchase the amounts payable in respect of such hire (whether or not received) or such other amount as may be mutually agreed shall be deemed to be the nett invoice prices. In the case of apparatus put into use by the Licensee the invoice price shall be estimated as if a normal sale had been made.

Provided Always

(i) That royalty shall be payable upon all broadcast receivers and radiogramophones manufactured prior to but remaining unsold at the date of termination of this Licence and shall be calculated in accordance with the invoice prices current immediately prior to the date of such termination and licence plates shall be attached thereto.

(ii) That in the event that the Licensee sells to any party referred to in Clause 3 hereof he shall if so requested by the Grantors substitute part or the whole of the nett turnover of such party for the corresponding part or whole of his own nett turnover.

(iii) In the further event that the Licensee sells broadcast receivers or radiogramophones to any party referred to in Clause 3 hereof which performs further manufacturing or assembling operations on or makes additions to same then royalty shall be calculated upon the nett invoice price of the final products.

(iv) In the event that the Licensee manufactures broadcast receivers or radiogramophones for sale under the name or mark of a party other than a party referred to in Clause 3 the Licensee's turnover in respect of such manufacture shall be shown and calculated separately in respect of each such first-mentioned party and treated as a separate nett turnover and royalty payments made accordingly.

(v) Any Letters Patent in respect of which the rights of the Grantors or any of them to grant licences as herein described may be subject to limitations or conditions stipulated by a third party or may involve liability to pay a royalty to a third party or share a royalty with a third party shall be deemed for all purposes to be and to have been always excluded from this Licence. The Grantors will however from time to time notify the Licensee in writing of any such Letters Patent and of any such limitations or conditions or payments stipulated by such a third party and if the Licensee gives notice in writing to the Grantors within two months thereof the Licensee may elect to take from such of the Grantors as have the right to grant the same, a licence under such Letters Patent on the same terms and conditions as if such Letters Patent were included within this Licence provided the Licensee notifies in such election that he agrees to comply also with such limitations and conditions stipulated by a third party and to pay to the Grantors such additional royalty as may be required to enable the Grantors out of the total royalties paid by the Licensee both to retain the royalties payable under this Clause 4(c) and to satisfy the terms of the Licence or Agreement under which royalty is or shall be payable by the Grantors or any of them. Any such additional royalties payable hereunder shall be shown separately in the returns hereinafter mentioned.

(d) To keep accounts of everything necessary to ensure accurate quarterly returns of all apparatus the prices of which are included in the turnover under this agreement being rendered to such person as the Grantors may designate to the Licensee from time to time and to render such returns upon the forms supplied by the Grantors within one month of each 31st March 30th June 30th September and 31st December and to forward within fourteen days after the end of the said one month a remittance for the royalty due. If so requested by the Grantors the Licensee shall show separately thereon the particulars required in respect of the businesses of any of the controlled companies partnerships or businesses referred to in Clause 3 hereof.

(e) To pay to the Grantors upon all royalties unpaid after the expiry of fourteen days of the date or dates upon which returns are due according to the terms of the preceding sub-clause (d) interest at the rate of four per centum per annum.

(f) To permit auditors appointed by the Grantors to inspect the books and accounts of the Licensee relative to this License and on the request of the Grantors to cause any quarterly return to be verified by the statutory declaration of the proper officer or auditors of the Licensee. Provided that the Licensee shall have the right to require that the auditor making such inspection shall be an independent auditor and that if the Licensee shall have failed to render accounts or if the accounts rendered by him are by such inspection shown to be inaccurate the Licensee shall pay the cost of such independent audit without prejudice to any other remedies or claims of the Grantors.

(g) Not at any time during the subsistance hereof directly or indirectly to dispute or impeach or to assist others to dispute or impeach the validity of any of the said Letters Patent within the field of this Licence nor the right of the Grantors or any of them to grant the Licences hereby granted and agreed to be granted.

(h) Not to assign transfer mortgage grant sub-license under or in any manner part with the possession or control or benefit of this Licence or any part of it without the previous written consent of the Grantors.

5. For all purposes of this Agreement all broadcast receivers and/or radiogramophones manufactured sold let on hire or put into use by any of the companies partnerships or businesses referred to in Clause 3 above shall be deemed to have been manufactured sold let on hire or put into use by the Licensee who shall pay the royalties accordingly.

6. During the subsistence of this Licence and so long as no royalties shall be owing and unpaid hereunder the Grantors will keep the Licensee fully indemnified against costs and damages awarded in connection with all actions proceedings claims and demands which may be made against the Licensee by any third party who establishes to the satisfaction of a court of competent jurisdiction in England his right to restrain the user and exercise by the Licensee within the limits of the grants contained in this Agreement of any of the said Letters Patent on the ground that such user and exercise is an infringement of any lawful rights of such third party in such Letter Patent provided always that the Grantors are immediately informed of the institution of such proceedings and are given full and complete rights to take over at their own cost and in the name of the Licensee or other defendants and through their own Solicitors the defence of such proceedings if they so request and in that event the Licensee shall assist the Grantors in every reasonable manner but the Grantors shall be at liberty to compromise submit to judgment in abandon discontinue or otherwise dispose of the same as to them may seem expedient.

7. The Licensee agrees upon request to grant to the Grantors or to any one or more of them upon reasonable terms non-exclusive non-transferable licences (but with the right to sub-license subsidiary or associated companies)

to make use exercise and vend all or any of the inventions the subject of British and/or Eireann Letters Patent applicable to broadcast receivers or radiogramophones in respect of which and insofar as the Licensee has or shall hereafter have power to grant a licence for the purposes of manufacturing using selling or letting on hire within Great Britain Northern Ireland Eire the Channel Islands and the Isle of Man broadcast receivers or radiogramophones.

8. The Grantors may determine this Licence at any time by notice in writing to the Licensee upon the happening of any of the following events:

(a) If any royalty return or any royalty payable is not rendered or is unpaid for thirty days after the due dates and remains unrendered or unpaid for seven days after notice in that behalf from the Grantors, or

(b) If the royalty returns or payments in respect of any company partnership or business referred to in Clause 3 herein are not duly rendered or made, or

(c) If there be any breach on the part of the Licensee of any other of the terms or conditions herein contained and the same be not remedied made good or desisted from within seven days of notice in that behalf from the Grantors, or

(d) If the Licensee shall become bankrupt or compound with his creditors or (being a company) shall have a receiver appointed or go into liquidation whether voluntary or compulsory, or

(e) If any Company which at any time during the subsistence of this License controls the Licensee or is under the same control as the Licensee and is engaged in any field of business to which this Licence is applicable does not hold or at the request of the Grantors does not accept within one months of such request a Licence upon the same terms and conditions as are contained in this Licence.

Any determination of this Licence shall be without prejudice to all claims of the Grantors against the Licensee for

outstanding royalties or prior breaches of this Licence or otherwise.

9. Until further notice all returns remittances and communications for the Grantors under this Licence should be addressed and sent to Mr. F. C. Topham, Room 517, Electra House, Victoria Embankment, London, W. C. 2. and all cheques made payable to Marconi's Wireless Telegraph Co., Ltd.

The Schedule Above Referred To

377622	436403x	472923	507239	529383
381847	436940	473427	507641	530620
381868	437016	474682	508377	530701
391521	437726	475490	509234	531102
392383	438506	475728	509426	531448
392456	441847	476874	510919	534104
397763	442695	477765	511847	534531
398882	446663	478775	514170	535500
400976	449205	478815	515361	536153
401990	449242	479113	515362	537738
402181	449533	480839	515364	538369
402629	450081	483348	515427	542032
405897	450806	483650	516252	543035
406895	452965	483732	516385	547949
410478	455375	487880	516801	548421x
410619	456450	489094	518378	549865
412813	457485	489231	520374	553357
414051	457510	490150	520460	555403
414819	458585	490525	521330	555491
415009	459251	490819	521356	555601
415101	461228	491063	521409	561459
419441	462536	491728	521984	562513
420065	463253	493758	522227	563569
522824	464349	493843	522443	566835
522906	464970	495016	522637	568672
423685	466020	496874	523883	573032
423932	466516	498577	524547x	595307
424221	469791	501760	524548x	605122
425553	471103	502310	524550o	
425629	471398	502615	527602	
427901	472502	505490	528179	
435816	472739	505867	528310	

x These patents have been lapsed by Hazeltine.

o This patent to be lapsed by Hazeltine.

In Witness Whereof an Agent hereunto duly authorised has on behalf of the Grantors hereunto on their behalf set his hand and the Licensee has hereunder set his hand.

A Director of the Licensee hereunto duly authorised has hereunto on the Licensee's behalf set his hand the day and year first above written.

For and on behalf of:

The British Thomson-Houston Company Limited

Electric & Musical Industries Limited

The General Electric Company Limited

Marconi's Wireless Telegraph Company Limited

Philips Electrical Industries Limited

Standard Telephones and Cables Limited

Signed by .....
for and on behalf of the Grantors
in the presence of:

Signed by .....
in the presence of .....

For and on behalf of:

Limited
Director.

Signed by .....
A Director of and for and on behalf of .....
in the presence of:

DEFENDANT'S EXHIBIT NO. 66.

Exhibit K.

Licence A7-S. (ound.)

An Agreement made this ..... day of ..... One thousand nine hundred and fifty ..... Between The British Thomson-Houston Company Limited having its registered office at Crown House, Aldwych London W.C.2 and Cinema-Television Limited having its registered office at Albion House 59 New Oxford Street London W.C.1 and Electric & Musical Industries Limited having its registered office at Blyth Road Hayes Middlesex and The General Electric Company Limited having its registered office at Magnet House Kingsway London W.C.2 and Marconi's Wireless Telegraph Company Limited having its registered office at Marconi House Strand London W.C.2 and Murphy Radio Limited having its registered office at 62 Brook Street London W.1 and Philips Electrical Industries Limited having its Head Office at Century House Shaftesbury Avenue London W.C.2 and Pye Limited having its registered office at Radio Works Cambridge and Standard Telephones And Cables Limited having its registered office at Connaught House Aldwych London W.C.2 (hereinafter together called "the Grantors") of the first part and ..... of ..... (hereinafter called "the Licensee") of the second part

Whereas the Licensee has applied to the Grantors to grant and the Grantors have agreed to grant to the Licensee a Licence under their respective patent rights and upon the terms and conditions hereinafter mentioned and in consideration of the royalties herein reserved and assessed Now It Is Hereby Agreed between the parties as follows:—

1. (a) The expression "Broadcast Sound Receivers"

when herein used shall mean apparatus (whether or not equipped with electron discharge devices or equivalent devices) which is intended to receive and translate electrical oscillations modulated by sound signals not associated with vision signals which are broadcast to the public and which is intended for use for entertainment or education purposes or is of a type normally supplied to the public for domestic use Provided However that such expression shall include:—

(i) the following apparatus combined therewith or sold for combination therewith namely apparatus intended for the reproduction of sound from records (radio-gramophones) frequency conversion units frequency modulation reception units and signal boosting apparatus.

(ii) broadcast sound receiving apparatus of the kind supplied by a broadcast sound relay service as the subscribers' terminal units.

(iii) sets of component parts as hereinafter defined.

Provided Further that the expression "Broadcast Sound Receivers" shall Not include:—

any broadcast relay apparatus other than the terminal units referred to as included under item (ii) above, or

any apparatus combined with or sold for combination with television receiving apparatus.

(b) The expression "set of component parts" shall mean a number of component parts and/or assembled units which are capable of being put together so as substantially to constitute a Broadcast Sound Receiver.

(c) The expression "subsidiaries" where herein used shall mean companies partnerships or businesses now or hereafter during the subsistence of this Licence directly or indirectly owned or controlled by the Licensee and domi-

ciled within the said territory and engaged in any field of business to which this Licence is applicable.

(d) The expression "selling" or "sold" when herein used shall be deemed to include sales on hire-purchase.

2. (a) The Grantors grant and agree to grant to the Licensee subject to the terms and conditions herein appearing personal non-exclusive non-assignable licences to use and exercise all or any of the inventions the subject of any British and any Eireann Letters Patent applicable to Broadcast Sound Receivers in respect of which and insofar as the Grantors or any of them respectively now have or may hereafter during the subsistence of this Licence have the right to grant Licences for the purposes and on the terms hereof (which Letters Patent are herein collectively called "the said Letters Patent") for the purposes of manufacturing Broadcast Sound Receivers within Great Britain Northern Ireland Eire the Channel Islands and the Isle of Man (hereinafter called "the said territory") and of using selling or letting on hire such Broadcast Sound Receivers so manufactured hereunder. The Licence to manufacture shall include a licence to have Broadcast Sound Receivers manufactured for the Licensee by others but only for sale under the trade marks of trade names of the Licensee.

(b) The Licence shall be deemed to have commenced on January 1st, 1953 and shall continue until December 31st, 1957 unless previously determined as hereinafter provided.

(c) Nothing contained herein shall be deemed to license the Licensee under the said Letters Patent to manufacture sell or let on hire:—

(i) electron discharge devices or equivalent devices or lamps of any kind.

(ii) materials or component parts for sale separately (materials or component parts—other than items

included in 2(c) (i) above—which are actually incorporated in or form part of Broadcast Sound Receivers are included in this Licence).

(iii) any apparatus not included within the expression "Broadcast Sound Receivers".

(d) Any licences herein granted or agreed to be granted under any Letters Patent in respect of which the rights of the Grantors or any of them to grant licences are subject to limitations shall be subject to the same limitations. Licences under patent rights derived by any of the Grantors from third parties under agreements which require the payment of royalties or other deferred payments based on the use of the inventions or acceptance of terms or conditions other than those herein contained are excluded from the licences herein granted. But (so far as any of the Grantors have the right to grant the same) the Licensee may obtain licences as described in Clauses 2(a) and 2(b) hereof under such patent rights by signifying to the Grantors, within two months after receiving from the Grantors notice of such royalties terms and conditions, and in such manner as they may require his acceptance of such terms and conditions and his agreement to pay to the Grantors such additional royalty or deferred payment as aforesaid as may be required to enable the Grantors out of the total royalty paid by the Licensee both to retain the royalties payable under Clause 4(c) hereof and to pay the royalty or other deferred payment based on the Licensee's use of the inventions which is or may be required by such agreements to be paid by the Grantors or any of them to such third parties. Any such additional royalties payable hereunder shall be shown separately in the returns hereinafter mentioned.

.3. Notwithstanding the provisions of Clause 2(a) hereof the Licensee agrees that for the purposes of this Agreement all subsidiaries shall be deemed to be parts or depart-

ments of the Licensee and the Licensee undertakes full responsibility hereunder on their behalf accordingly.

4. The Licensee agrees with the Grantors as follows:—

(a) Not without the previous written consent of the Grantors to sell within the said territory any Broadcast Sound Receiver which has not been manufactured in the territory for which this License is granted. No Broadcast Sound Receiver shall be deemed to have been so manufactured within the meaning of this Licence which incorporates imported components to an extent per Broadcast Sound Receiver greater in value than ten per cent of the retail list price thereof. The Licensee will if so requested furnish information as to the value of any such imported and incorporated components.

(b) To cause to be attached in a prominent position to all Broadcast Sound Receivers sold let on hire or put into use by the Licensee a licence plate in accordance with a design and wording authorised and notified by the Grantors to the Licensee which plate shall bear a serial number allocated by the Grantors. Such plates may be obtained from the Grantors at cost price. No plates shall be disposed of by the Licensee except as herein provided and upon the termination of this License all unused plates except those required under proviso (i) of Clause 4 sub-clause (c) hereof shall be delivered up to the Grantors for destruction.

(c) To pay to the Grantors:—

Royalties at the rate of ½% (one half per centum) on the Licensee's nett turnover as hereinafter defined. The expression "nett turnover" where herein used shall subject to Provisos (ii) and (iii) hereof mean the total of nett invoice prices (whether or not paid and before deduction of settlement discounts) of all Broadcast Sound Receivers hereunder manufactured by or for the Licensee during the subsistence of this Licence and sold let on hire or put into use by the Licensee whether or not such Broadcast Sound

Receivers embody or utilise or are designed or intended to embody or utilise any invention the subject of any of the said Letters Patent including in such prices the value of everything (for example cabinets valves and batteries) normally incorporated in or forming part of complete Broadcast Sound Receivers and sold as part thereof but shall not include Purchase Tax or Customs Duties thereon. In the case of Broadcast Sound Receivers let on hire as distinct from those sold on hire-purchase and in the case of Broadcast Sound Receivers put into use by the Licensee the royalty payable in respect of such Broadcast Sound Receivers shall be the same as if a normal sale had been made at the time of hiring or putting into use and for that purpose the nett invoice price for inclusion in the Licensee's nett turnover shall be deemed to be the normal selling price. If the normal selling price cannot readily be ascertained a figure shall be mutually agreed but failing such agreement then the said selling price shall be decided in accordance with the provisions of Clause 5 hereof.

The aforementioned royalty rate shall be reduced by 50% (fifty per centum) in respect of all Broadcast Sound Receivers exported from the said territory. No Licence is granted or implied hereunder under any patent granted outside the said territory.

When the total of the royalties computed in accordance with this sub-clause (c) in respect of any year commencing January 1st on Broadcast Sound Receivers manufactured by or for the Licensee for ultimate supply to the final customers under the name or mark of the Licensee and as the Licensee's receivers reaches £1,000 (One thousand pounds) then the rate of royalty payable under this sub-clause (c) upon the subsequent nett turnover of the Licensee in respect of such Broadcast Sound Receivers supplied in that year shall be reduced to 0.02% (nought point nought two per centum).

Provided Always That:

(i) Royalty shall be payable upon all Broadcast Sound Receivers manufactured prior to but remaining unsold at the date of termination of this Licence and shall be calculated in accordance with the nett invoice prices and royalty rate current immediately prior to the date of such termination and licence plates shall be attached thereto.

(ii) In the event that the Licensee manufactures for and supplies Broadcast Sound Receivers to a party holding a similar licence from the Grantors that part of the nett turnover of the Licensee the party hereto in respect of such supplies shall be excluded from the Licensee's nett turnover for the purpose of computing the royalties payable hereunder by the Licensee.

(iii) In the event that the Licensee manufactures for and supplies Broadcast Sound Receivers to a party not being a party hereto and not holding a similar licence from Grantors for re-sale or letting on hire under a name or mark other than that of the Licensee then that part of the nett turnover of the Licensee relating thereto shall be shown and calculated separately in respect of each such other party. When the Licensee's royalties in respect of such supplies to any one such other party have reached £1,000 (One thousand pounds) in respect of any year commencing January 1st then the royalty rate for all further part of the nett turnover of the Licensee relating to that same other party for the same year shall be reduced to 0.02% (nought point nought two per centum).

If any such other party performs or has performed (for example on a chassis) further manufacturing or assembling operations on or makes additions to the said Broadcast Sound Receivers that part of the Licensee's nett turnover relating thereto shall be cal-

culated upon the nett invoice prices of the final products or where these prices cannot be ascertained upon prices to be mutually agreed between the parties hereto. If the parties fail to reach agreement by the date at which payment of royalties in respect of such Broadcase Sound Receivers would normally have been due hereunder the prices shall be decided in accordance with the provisions of Clause 5 hereof and the Licensee's nett turnover in respect of such manufacture shall be calculated upon the prices so decided.

(d) To keep accounts of everything necessary to ensure accurate quarterly returns of all apparatus the prices of which are to be included in the net turnover under this agreement being rendered to such persons as the Grantors may designate to the Licensee from time to time and to render such returns upon the forms supplied by the Grantors within one month of each 31st March 30th June 30th September and 31st December and to forward within fourteen days after the end of the said one month a remittance for the royalty due.

(e) To pay to the Grantors upon all royalties unpaid after the expiry of fourteen days of the date or dates upon which returns are due according to the terms of the preceding sub-clause (d) an additional royalty equal to four per cent per annum on such unpaid royalties until the same have been paid.

(f) To permit auditors appointed by the Grantors to inspect all the books and accounts relative to this Licence at any time during the period hereof or within six months after the termination thereof and on the request of the Grantors to cause any quarterly return to be verified by the statutory declaration of the proper officer or auditors of the Licensee. Provided that the Licensee shall have the right to require that the auditor making such inspection shall be an independent auditor and that if the Licensee

shall have failed to render accounts or if the accounts rendered by him are by such inspection shown to be inaccurate the Licensee shall pay the cost of such independent audit without prejudice to any other remedies or claims of the Grantors,

(g) Not to contest or assist others to contest the validity of any Letters Patent under which the Licensee receives licences hereunder. Provided however that the Licensee reserves the right to contest or assist others to contest the validity of any such Letters Patent in any proceedings relating to products other than those for which licences are by this agreement agreed to be given and in any proceedings if the result of such contestation might affect the validity or scope of one of the Licensee's own patents.

(h) Not to assign transfer mortgage grant sub-licences under or in any manner part with the possession or control or benefit of this Licence or any part of it without the previous written consent of the Grantors.

5. In the event of the failure of the parties to agree as to what is the normal selling prices as referred to in Clause 4(c) or the prices of the final products as referred to in Clause 4(c) Proviso (iii) then any such prices to be used as the basis for calculating royalties payable shall be fixed by reference to the Director for the time being of The Radio Industry Council or his nominee acting as a valuer but not as an arbitrator.

6. The Licensee agrees upon request to grant to the Grantors or to any one or more of them upon reasonable terms non-exclusive non-transferable licences (but with the right to sub-license subsidiary or associated companies) to make use exercise and vend all or any of the inventions the subject of British and/or Eireann Letters Patent applicable to Broadcast Sound Receivers in respect of which and insofar as the Licensee has or shall hereafter have the right to grant a licence for the purposes of manufacturing

using selling or letting on hire Broadcast Sound Receivers within the said territory.

7. The Grantors may determine this Licence at any time by notice in writing to the Licensee upon the happening of any of the following events:

(a) If any royalty return or any royalty payable is not rendered or is unpaid for thirty days after the due dates and remains unrendered or unpaid for seven days after notice in that behalf from the Grantors, or

(b) If there be any breach on the part of the Licensee of any other of the terms or conditions herein contained and the same be not remedied made good or desisted from within seven days of notice in that behalf from the Grantors, or

(c) If the Licensee shall become bankrupt or compound with his creditors or (being a company) shall have a receiver appointed or go into liquidation whether voluntary or compulsory, or

(d) If any Company which at any time during the subsistence of this Licence controls the Licensee or is under the same control as the Licensee and is engaged in any field of business to which this Licence is applicable does not hold or at the request of the Grantors does not accept within one month of such request a Licence upon the same terms and conditions as are contained in this Licence.

Any determination of this Licence shall be without prejudice to all claims of the Grantors against the Licensee for outstanding royalties or prior breaches of this Licence or otherwise.

8. Until further notice all returns remittances and communications for the Grantors under this Licence should be addressed and sent to Mr. F. C. Topham, Room 419, Marconi House, Strand, London, W.C.2 and all cheques made payable to Marconi's Wireless Telegraph Co. Ltd.

In Witness Whereof an Agent hereunto duly authorized

has on behalf of the Grantors hereunto on their behalf set his hand and the Licensee has hereunder set his hand.

A Director of the Licensee hereunto duly authorised has hereunto on the Licensee's behalf set his hand the day and year first above written.

For and on behalf of:
The British-Thomson-Houston Company Limited,
Cinema-Television Limited,
Electric & Musical Industries Limited,
The General Electric Company Limited,
Marconi's Wireless Telegraph Company Limited,
Murphy Radio Limited,
Philips Electrical Industries Limited,
Pye Limited,
Standard Telephones and Cables Limited.

Signed by ..... for and on behalf of the Grantors in the presence of:

Signed by .....
in the presence of:

For and on behalf of:

.....
Limited.

.....
Director.

Signed by .....
A Director of and for and on behalf of ..... in the presence of:

DEFENDANT'S EXHIBIT NO. 67.

Exhibit N.

CBS 5/3/54

Licence A-7S. (2nd Edition)

An Agreement made this ..... day of .....
One thousand nine-hundred and fifty..... between the British Thomson-Houston Company Limited having its registered office at Crown House Aldwych London W.C.2 and Cinema-Television Limited having its registered office at Albion House 59 New Oxford Street London W.C.1, and Electric & Musical Industries, Limited, having its registered office at Blyth Road Hayes Middlesex and The General Electric Company Limited having its registered office at Magnet House Kingsway London W.C. 2 and Marconi's Wireless Telegraph Company Limited having its registered office at Marconi House Strand London W.C. 2 and Murphy Radio Limited having its registered office at 62 Brook Street London W. 1 and Philips Electrical Industries Limited having its Head Office at Century House Shaftesbury Avenue London W.C. 2 and Pye Limited having its registered office at Radio Works Cambridge and Standard Telephones and Cables Limited having its registered office at Connaught House Aldwych London W.C. 2 (hereinafter together called "the Grantors") of the first part and .....
of .....
.....
(hereinafter called "the Licensee") of the second part

Whereas the Licensee has applied to the Grantors to grant and the Grantors have agreed to grant to the Licensee a Licence under their respective patent rights and upon the terms and conditions hereinafter mentioned and

in consideration of the royalties herein reserved and assesed Now It Is Hereby Agreed between the parties as follows:—

1. (a) The expression "Broadcast Sound Receivers" when herein used shall mean apparatus (whether or not equipped with electron discharge devices or equivalent devices) which is intended to receive and translate electrical oscillations modulated by sound signals not associated with vision signals which are broadcast to the public and which is intended for use for entertainment or education purposes or is of a type normally supplied to the public for domestic use Provided However that such expression shall include:—

(i) the following apparatus combined therewith or sold for combination therewith namely apparatus intended for the reproduction of sound from records (radiogramophones) frequency conversion units frequency modulation reception units and signal boosting apparatus.

(ii) broadcast sound receiving apparatus of the kind supplied by a broadcast sound relay service as the subscribers' terminal units.

(iii) sets of component parts as hereinafter defined. Provided Further that the expression "Broadcast Sound Receivers" shall Not include:—

any broadcast relay apparatus other than the terminal units referred to as included under item (ii) above, or.

any apparatus combined with or sold for combination with television receiving apparatus.

(b) The expression "set of component parts" shall mean a number of component parts and/or assembled units which are capable of being put together so as substantially to constitute a Broadcast Sound Receiver.

(c) The expression "subsidiaries" where herein used

shall mean companies partnerships or businesses now or hereafter during the subsistence of this Licence directly or indirectly owned or controlled by the Licensee and domiciled within the said territory and engaged in any field of business to which this Licence is applicable.

(d) The expression "selling" or "sold" when herein used shall be deemed to include sales on hire-purchase.

2. (a) The Grantors grant and agree to grant to the Licensee subject to the terms and conditions herein appearing personal non-exclusive non-assignable licences to use and exercise all or any of the inventions the subject of any British and Eireann (or Channel Islands) Letters Patent applicable to Broadcast Sound Receivers in respect of which and insofar as the Grantors or any of them respectively now have or may hereafter during the subsistence of this Licence have the right to grant Licences for the purposes and on the terms hereof (which Letters Patent are herein collectively called "the said Letters Patent") for the purposes of manufacturing Broadcast Sound Receivers within Great Britain Northern Ireland Eire the Channel Islands and the Isle of Man (hereinafter called "the said territory") and of using selling or letting on hire such Broadcast Sound Receivers so manufactured hereunder. The Licence to manufacture shall include a licence to have Broadcast Sound Receivers manufactured for the Licensee by others but only for sale under the trade marks or trade names of the Licensee.

(b) The Licence shall be deemed to have commenced on January 1st, 1953 and shall continue until December 31st, 1957 unless previously determined as hereinafter provided.

(c) Nothing contained herein shall be deemed to license the licensee under the said Letters Patent to manufacture sell or let on hire:—

(i) electron discharge devices or equivalent devices or lamps of any kind.

(ii) materials or component parts for sale separately (materials or components parts—other than items included in 2(c) (i) above—which are actually incorporated in or form part of Broadcast Sound Receivers are included in this Licence).

(iii) any apparatus not included within the expression "Broadcast Sound Receivers."

(d) Any licences herein granted or agreed to be granted under any Letters Patent in respect of which the rights of the Grantors or any of them to grant licences are subject to limitations shall be subject to the same limitations. Licenses under patent rights derived by any of the Grantors from third parties under agreements which require the payment of royalties or other deferred payments based on the use of the inventions or acceptance of terms or conditions other than those herein contained are excluded from the licences herein granted. But (so far as any of the Grantors have the right to grant the same) the Licensee may obtain licenses as described in Clauses 2(a) and 2(b) hereof under such patent rights by signifying to the Grantors, within two months after receiving from the Grantors notice of such royalties terms and conditions, and in such manner as they may require his acceptance of such terms and conditions and his agreement to pay to the Grantors such additional royalty or deferred payment as aforesaid as may be required to enable the Grantors out of the total royalty paid by the Licensee both to retain the royalties payable under Clause 4(c) hereof and to pay the royalty or other deferred payment based on the Licensee's use of the inventions which is or may be required by such agreements to be paid by the Grantors or any of them to such third parties. Any such additional royalties payable hereunder shall be shown separately in the returns hereinafter mentioned.

3. Notwithstanding the provisions of Clause 2(a) here-

of the Licensee agrees that for the purposes of this Agreement all subsidiaries shall be deemed to be parts or departments of the Licensee and the Licensee undertakes full responsibility hereunder on their behalf accordingly.

4. The Licensee agrees with the Grantors as follows:

(a) Not without the previous written consent of the Grantors to sell within the said territory any Broadcast Sound Receiver which has not been manufactured in the territory for which this Licence is granted. No Broadcast Sound Receiver shall be deemed to have been so manufactured within the meaning of this Licence which incorporates imported components to an extent per Broadcast Sound Receiver greater in value than ten per cent of the retail list price thereof. Licensee will if so requested furnish information as to the value of any such imported and incorporated components.

(b) To cause to be attached in a prominent position to all Broadcast Sound Receivers sold let on hire or put into use by the Licensee, a licence plate in accordance with a design and wording authorized and notified by the Grantors to the Licensee which plate shall bear a serial number allocated by the Grantors. Such plates may be obtained from the Grantors at cost price. No plates shall be disposed of by the Licensee except as herein provided and upon the termination of this Licence all unused plates except those required under proviso (i) of Clause 4 subclause (c) thereof shall be delivered up to the Grantors for destruction.

(c) To pay to the Grantors:—

Royalties at the rate of ½% (one half per centum) on the Licensee's nett turnover as hereinafter defined. The expression "nett turnover" where herein used shall subject to Provisos (ii) and (iii) hereof mean the total of nett invoice prices (whether or not paid and before deduction of settlement discounts) of all Broadcast Sound Receivers

hereunder manufactured by or for the Licensee during the subsistence of this Licence and sold let on hire or put into use by the Licensee whether or not such Broadcast Sound Receivers embody or utilise or are designed or intended to embody or utilise any invention the subject of any of the said Letters Patent including in such prices the value of everything (for example cabinets valves and batteries) normally incorporated in or forming part of complete Broadcast Sound Receivers and actually include) as part thereof [at the time of sale] but shall not include Purchase Tax or Customs Duties thereon. In the case of Broadcast Sound Receivers let on hire as distinct from those sold on hire-purchase and in the case of Broadcast Sound Receivers put into use by the Licensee the royalty payable in respect of such Broadcast Sound Receivers shall be the same as if a normal sale had been made at the time of hiring or putting into use and for that purpose the nett invoice price for inclusion in the Licensee's nett turnover shall be deemed to be the normal selling price. If the normal selling price cannot readily be ascertained a figure shall be mutually agreed but failing such agreement then the said selling price shall be decided in accordance with the provisions of Clause 5 hereof.

The aforementioned royalty rate shall be reduced by 50% (fifty per centum) in respect of all Broadcast Sound Receivers exported from the said territory. No Licence is granted or implied hereunder under any patent granted outside the said territory.

When the total of the royalties computed in accordance with this sub-clause (c) in respect of any year commencing January 1st on Broadcast Sound Receivers manufactured by or for the Licensee for ultimate supply to the final customers under the name or mark of the Licensee and as the Licensee's receivers or exported reaches £1,000 (One thousand pounds) then the rate of royalty payable

under this sub-clause (c) upon the subsequent nett turnover of the Licensee in respect of such Broadcast Sound Receivers supplied in that year shall be reduced to 0.02% (nought point nought two per centum).

Provided Always That

(i) Royalty shall be payable upon all Broadcast Sound Receivers manufactured prior to but remaining unsold at the date of termination of this Licence and shall be calculated in accordance with the nett invoice prices and royalty rate current immediately prior to the date of such termination and licence plates shall be attached thereto.

(ii) In the event that the Licensee manufactures for and supplies Broadcast Sound Receivers to a party holding a similar licence from the Grantors that part of the nett turnover of the Licensee the party hereto relating to such supplies shall be excluded from the Licensee's nett turnover for the purpose of computing the royalties payable hereunder by the Licensee.

(iii) In the event that the Licensee manufactures for and supplies Broadcast Sound Receivers to a party (in the said territory) not being a party hereto and not holding a similar licence from the Grantors for re-sale or letting on hire under a name or mark other than that of the Licensee then that part of the nett turnover of the Licensee relating thereto shall be shown and calculated separately in respect of each such other party. When the Licensee's royalties in respect of such supplies to any one such other party have reached £1,000 (One thousand pounds) in respect of any year commencing January 1st then the royalty rate for all further part of the nett turnover of the Licensee relating to the same other party for the same year shall be reduced to 0.02% (nought point nought two per centum).

If any such other party performs or has performed (for example on a chassis) further manufacturing or assembling operations on or makes additions to the said Broadcast Sound Receivers that part of the Licensee's nett turnover relating thereto shall be calculated upon the nett invoice prices of the final products or where these prices cannot be ascertained upon prices to be mutually agreed between the parties hereto. If the parties fail to reach agreement by the date at which payment of royalties in respect of such Broadcast Sound Receivers would normally have been due hereunder the prices shall be decided in accordance with the provisions of Clause 5 hereof and the Licensee's nett turnover in respect of such manufacture shall be calculated upon the prices so decided.

(d) To keep accounts of everything necessary to ensure accurate quarterly returns of all apparatus the prices of which are to be included in the nett turnover under this agreement being rendered to such person as the Grantors may designate to the Licensee from time to time and to render such returns upon the forms supplied by the Grantors within one month of each 31st March 30th June 30th September and 31st December and to forward within fourteen days after the end of the said one month a remittance for the royalty due.

(e) To pay to the Grantors upon all royalties unpaid after the expiry of fourteen days of the date or dates upon which returns are due according to the terms of the preceding sub-clause (d) an additional royalty equal to four per cent per annum on such unpaid royalties until the same have been paid.

(f) To permit auditors appointed by the Grantors to inspect all the books and accounts relative to this Licence at any time during the period hereof or within six months after the termination thereof and on the request of the

Grantors to cause any quarterly return to be verified by the statutory declaration of the proper officer or auditors of the Licensee. Provided that the Licensee shall have the right to require that the auditor making such inspection shall be an independent auditor and that if the Licensee shall have failed to render accounts or if the accounts rendered by him are by such inspection shown to be inaccurate the Licensee shall pay the cost of such independent audit without prejudice to any other remedies or claims of the Grantors.

(g) Not to contest or assist others to contest the validity of any Letters Patent under which the Licensee receives licences hereunder. Provided however that the Licensee reserves the right to contest or assist others to contest the validity of any such Letters Patent in any proceedings relating to products of a kind other than Broadcast Sound Receivers and in any proceedings if the result of such contestation might affect the validity or scope of one of the Licensee's own patents.

(h) Not to assign transfer mortgage grant sub-licences under or in any manner part with the possession of control or benefit of this Licence or any part of it without the previous written consent of the Grantors.

5. In the event of the failure of the parties to agree as to what is the normal selling prices as referred to in Clause 4(c) or the prices of the final products as referred to in Clause 4(c) Proviso (iii) then any such prices to be used as the basis for calculating royalties payable shall be fixed by reference to the Director for the time being of The Radio Industry Council or his nominee acting as a valuer but not as an arbitrator.

6. The Licensee agrees upon request to grant to the Grantors or to any one or more of them upon reasonable terms non-exclusive non-transferable licences (but with the right to sub-license subsidiary or associated companies) to

make use exercise and vend all or any of the inventions the subject of any British Eireann or Channel Islands Letters Patent applicable to Broadcast Sound Receivers in respect of which and insofar as the Licensee has or shall hereafter have the right to grant a licence for the purposes of manufacturing using selling or letting on hire Broadcast Sound Receivers within the said territory.

7. The Grantors may determine this Licence at any time by notice in writing to the Licensee upon the happening of any of the following events:—

(a) If any royalty return or any royalty payable is not rendered or is unpaid for thirty days after the due dates and remains unrendered or unpaid for seven days after notice in that behalf from the Grantors, or

(b) If there be any breach on the part of the Licensee of any other of the terms or conditions herein contained and the same be not remedied made good or desisted from within seven days of notice in that behalf from the Grantors, or

(c) If the Licensee shall become bankrupt or compound with his creditors or (being a company) shall have a receiver appointed or go into liquidation whether voluntary or compulsory, or

(d) If any Company which at any time during the subsistence of this Licence controls the Licensee or is under the same control as the Licensee and is engaged in any field of business to which this Licence is applicable does not hold or at the request of the Grantors does not accept within one month of such request a Licence upon the same terms and conditions as are contained in this Licence.

Any determination of this Licence shall be without prejudice to all claims of the Grantors against the Licensee for outstanding royalties or prior breaches of this Licence or otherwise.

8. Until further notice all returns remittances and communications for the Grantors under this Licence shall be addressed and sent to Mr. F. C. Topham, Room 419, Marconi House, Strand, London, W.C.2 and all cheques made payable to Marconi's Wireless Telegraph Co. Ltd.

In Witness Whereof an Agent hereunto duly authorised has on behalf of the Grantors hereunto on their behalf set his hand and the Licensee has hereunder set his hand.

A Director of the Licensee hereunto duly authorised has hereunto on the Licensee's behalf set his hand the day and year first above written.

Signed by .....
for and on behalf of the
Grantors in the presence of:

For and on behalf of:
The British Thomson-Houston Company Limited.
Cinema-Television Limited.
Electric & Musical Industries Limited.
The General Electric Company Limited.
Marconi's Wireless Telegraph Company Limited.
Murphy Radio Limited.
Philips Electrical Industries Limited.
Pye Limited.
Standard Telephones and Cables Limited.

Signed by .....
in the presence of:

.....

Signed by .....
a Director of and for and on
behalf of .....
in the presence of .....

For and on behalf of:

.....

Limited.

.....

Director.

DEFENDANT'S EXHIBIT NO. 68.

Licence A7—T.

An Agreement made this ..... day of ..... One thousand nine hundred and fifty ..... Between The British Thomson-Houston Company Limited having its registered office at Crown House, Aldwych London W.C.2 and Cinema-Television Limited having its registered office at Albion House 59 New Oxford Street London W.C.1 and Electric & Musical Industries Limited having its registered office at Blyth Road Hayes Middlesex and The General Electric Company Limited having its registered office at Magnet House Kingsway London W.C.2 and Marconi's Wireless Telegraph Company Limited having its registered office at Marconi House Strand London W.C.2 and Murphy Radio Limited having its registered office at 62 Brook Street London W.1 and Philips Electrical Industries Limited having its Head Office at Century House Shaftesbury Avenue London W.C.2 and Pye Limited having its registered office at Radio Works Cambridge and Standard Telephones and Cables Limited having its registered office at Connaught House Aldwych London W.C.2 (hereinafter together called "the Grantors") of the first part and ..... of ..... (hereinafter called "the Licensee") of the second part

Whereas the Licensee has applied to the Grantors to grant and the Grantors have agreed to grant to the Licensee a Licence under their respective patent rights and upon the terms and conditions hereinafter mentioned and in consideration of the royalties herein reserved and assessed Now It Is Hereby Agreed between the parties as follows:—

1(a). The expression "Television Receivers" when

herein used shall mean apparatus (whether or not equipped with electron discharge devices or equivalent devices) which is intended to receive and translate electrical oscillations modulated by vision and associated sound signals which are broadcast to the public and which is intended for use for entertainment or education purposes or is of a type normally supplied to the public for domestic use Provided However that such expression shall include:—

(i) the following apparatus combined therewith or sold for combination therewith namely apparatus intended for the reception and translation of electrical oscillations modulated by sound signals which are broadcast to the public but are not accompanied by vision signals (hereinafter referred to as "sound only receiving apparatus") apparatus intended for the reproduction of sound from records (hereinafter referred to as "gramophone apparatus") and signal boosting apparatus.

(ii) television receiving apparatus of the kind supplied by a broadcast television relay service as the subscribers' terminal units.

(iii) sets of component parts as hereinafter defined. Provided Further that the expression "Television Receivers" shall Not include:—

any broadcast relay apparatus other than the terminal units referred to as included under item (ii) above, or

Television Receivers adapted for producing a picture larger than 30 square feet.

(b) The expression "set of component parts" shall mean a number of component parts and/or assembled units which are capable of being put together so as substantially to constitute a Television Receiver.

(c) The expression "subsidiaries" where herein used

shall mean companies partnerships or businesses now or hereafter during the subsistence of this Licence directly or indirectly owned or controlled by the Licensee and domiciled within the said territory and engaged in any field of business to which this Licence is applicable.

(d) The expression "Selling" or "sold" when herein used shall be deemed to include sales on hire-purchase.

2. (a) The Grantors grant and agree to grant to the Licensee subject to the terms and conditions herein appearing personal non-exclusive non-assignable licences to use and exercise all or any of the inventions the subject of any British and any Eireann Letters Patent applicable to Television Receivers in respect of which and insofar as the Grantors or any of them respectively now have or may hereafter during the subsistence of this Licence have the right to grant Licences for the purposes and on the terms hereof (which Letters Patent are herein collectively called "the said Letters Patent") for the purposes of manufacturing Television Receivers within Great Britain Northern Ireland Eire the Channel Islands and the Isle of Man (hereinafter called "the said territory") and of using selling or letting on hire such Television Receivers so manufactured hereunder. The Licence to manufacture shall include a licence to have Television Receivers manufactured for the Licensee by others but only for sale under the trade marks or trade names of the Licensee.

(b) The Licence shall be deemed to have commenced on January 1st, 1953 and shall continue until December 31st, 1957 unless previously determined as hereinafter provided.

(c) Nothing contained herein shall be deemed to license the Licensee under the said Letters Patent to manufacture sell or let on hire:

(i) electron discharge devices or equivalent devices or lamps of any kind.

(ii) materials or component parts for sale separately (materials or component parts—other than items included in 2(c)(i) above—which are actually incorporated in or form part of Television Receivers are included in this License).

(iii) any apparatus not included within the expression "Television Receivers".

(d) Any licences herein granted or agreed to be granted under any Letters Patent in respect of which the rights of the Grantors or any of them to grant licences are subject to limitations shall be subject to the same limitations. Licences under patent rights derived by any of the Grantors from third parties under agreements which require the payment of royalties or other deferred payments based on the use of the inventions or acceptance of terms or conditions other than those herein contained are excluded from the licences herein granted. But (so far as any of the Grantors have the right to grant the same) the Licensee may obtain licences as described in Clauses 2(a) and 2(b) hereof under such patent rights by signifying to the Grantors, within two months after receiving from the Grantors notice of such royalties terms and conditions, and in such manner as they require his acceptance of such terms and conditions and his agreement to pay to the Grantors such additional royalty or deferred payment as aforesaid as may be required to enable the Grantors out of the total royalty paid by the Licensee both to retain the royalties payable under Clause 4(c) hereof and to pay the royalty or other deferred payment based on the Licensee's use of the inventions which is or may be required by such agreements to be paid by the Grantors or any of them to such third parties. Any such additional royalties payable hereunder shall be shown separately in the returns hereinafter mentioned.

3. Notwithstanding the provisions of Clause 2(a) hereof the Licensee agrees that for the purposes of this Agreement all subsidiaries shall be deemed to be parts or departments of the Licensee and the Licensee undertakes full responsibility hereunder on their behalf accordingly.

4. The Licensee agrees with the Grantors as follows:

(a) Not without the previous written consent of the Grantors to sell within the said territory any Television Receiver which has not been manufactured in the territory for which this License is granted. No Television Receiver shall be deemed to have been so manufactured within the meaning of this Licence which incorporates imported components to an extent per Television Receiver greater in value than ten per cent of the retail list price thereof. The Licensee will if so requested furnish information as to the value of any such imported and incorporated components.

(b) To cause to be attached in a prominent position to all Television Receivers sold let on hire or put into use by the Licensee a license plate in accordance with a design and wording authorised and notified by the Grantors to the Licensee which plate shall bear a serial number allocated by the Grantors. Such plates may be obtained from the Grantors at cost price. No plates shall be disposed of by the Licensee except as herein provided and upon the termination of this Licence all unused plates except those required under proviso (i) of Clause 4 sub-clause (c) hereof shall be delivered up to the Grantors for destruction.

(c) To pay to the Grantors:

Royalties at the following rates:

On the Licensee's nett turnover as hereinafter defined of Television Receivers which incorporate both sound only receiving apparatus and gramophone apparatus 2%

On the Licensee's nett turnover as hereinafter defined of Television Receivers which incorporate either sound only receiving appartus or gramophone apparatus but not both 2½%

On the Licensee's nett turnover as hereinafter defined of all other Television Receivers 3%

The expression "nett turnover" where herein used shall subject to Provisos (ii) and (iii) hereof mean the total of nett invoice prices (whether or not paid and before deduction of settlement discounts) of all Television Receivers hereunder manufactured by or for the Licensee during the subsistence of this Licence and sold let on hire or put into use by the Licensee whether or not such Television Receivers embody or utilise or are designed or intended to embody or utilise any invention the subject of any of the said Letters Patent including in such prices the value of everything (for example cabinets valves and cathode ray tubes) normally incorporated in or forming part of complete Television Receivers and sold as part thereof but shall not include Purchase Tax or Customs Duties thereon. In the case of Television Receivers let on hire as distinct from those sold on hire-purchase and in the case of Television Receivers put into use by the Licensee the royalty payable in respect of such Television Receivers shall be the same as if a normal sale had been made at the time of hiring or putting into use and for that purpose the nett invoice price for inclusion in the Licensee's nett turnover shall be deemed to be the normal selling price. If the normal selling price cannot readily be ascertained a figure shall be mutually agreed but failing such agreement then the said selling price shall be decided in accordance with the provisions of Clause 5 hereof.

The aforementioned royalty rates shall be reduced by 50% (fifty per centum) in respect of all Television Receivers exported from the said territory. No Licence is

granted or implied hereunder under any patent granted outside the said territory.

When the total of the royalties computed in accordance with this sub-clause (c) in respect of any year commencing January 1st on Television Receivers manufactured by or for the Licensee for ultimate supply to the final customers under the name or mark of the Licensee and as the Licensee's receivers reaches £25,000 (Twenty five thousand pounds) then the rates of royalty payable under this sub-clause (c) upon the subsequent nett turnover of the Licensee in respect of such Television Receivers supplied in that year shall be reduced to 0.02% (nought point nought two per centum).

Provided Always That

(i) Royalty shall be payable upon all Television Receivers manufactured prior to but remaining unsold at the date of termination of this Licence and shall be calculated in accordance with the nett invoice prices and royalty rates current immediately prior to the date of such termination and licence plates shall be attached thereto.

(ii) In the event that the Licensee manufactures for and supplies Television Receivers to a party holding a similar licence from the Grantors that part of the nett turnover of the Licensee the party hereto in respect of such supplies shall be excluded from the Licensee's nett turnover for the purpose of computing the royalties payable hereunder by the Licensee.

(iii) In the event that the Licensee manufactures for and supplies Television Receivers to a party not being a party hereto and not holding a similar licence from the Grantors for re-sale or letting on hire under a name or mark other than that of the Licensee then that part of the nett turnover of the Licensee relating

thereto shall be shown and calculated separately in respect of each such other party. When the Licensee's royalties in respect of such supplies to any one such other party have reached £25,000 (Twenty five thousand pounds) in respect of any year commencing January 1st then the royalty rates for all further part of the nett turnover of the Licensee relating to that same other party for the same year shall be reduced to 0.02% (nought point nought two per centum).

If any such other party performs or has performed (for example on a chassis) further manufacturing or assembling operations on or makes additions to the said Television Receivers that part of the Licensee's nett turnover relating thereto shall be calculated upon the nett invoice prices of the final products or where these prices cannot be ascertained upon prices to be mutually agreed between the parties hereto. If the parties fail to reach agreement by the date at which payment of royalties in respect of such Television Receivers would normally have been due hereunder the prices shall be decided in accordance with the provisions of Clause 5 hereof and the Licensee's nett turnover in respect of such manufacture shall be calculated upon the prices so decided.

(d) To keep accounts of everything necessary to ensure accurate quarterly returns of all apparatus the prices of which are to be included in the nett turnover under this agreement being rendered to such person as the Grantors may designate to the Licensee from time to time and to render such returns upon the forms supplied by the Grantors within one month of each 31st March 30th June 30th September and 31st December and to forward within fourteen days after the end of the said one month a remittance for the royalty due.

(e) To pay to the Grantors upon all royalties unpaid after the expiry of fourteen days of the date or dates upon which returns are due according to the terms of the preceding sub-clause (d) an additional royalty equal to four per centum per annum on such unpaid royalties until the same have been paid.

(f) To permit auditors appointed by the Grantors to inspect all the books and accounts relative to this Licence at any time during the period hereof or within six months after the termination thereof and on the request of the Grantors to cause any quarterly return to be verified by the statutory declaration of the proper officer or auditors of the Licensee. Provided that the Licensee shall have the right to require that the auditor making such inspection shall be an independent auditor and that if the Licensee shall have failed to render accounts or if the accounte rendered by him are by such inspection shown to be inaccurate the Licensee shall pay the cost of such independent audit without prejudice to any other remedies or claims of the Grantors.

(g) Not to contest or assist others to contest the validity of any Letters Patent under which the Licensee receives licences hereunder. Provided however that the Licensee reserves the right to contest or assist others to contest the validity of any such Letters Patent in any proceeding relating to products other than those for which licences are by this Agreement agreed to be given and in any proceedings if the result of such contestation might affect the validity or scope of one of the Licensee's own patents.

(h) Not to assign transfer mortgage grant sub-licences under or in any manner part with the possession or control or benefit of this License or any part of it without the previous written consent of the Grantors.

5. In the event of the failure of the parties to agree as to what is the normal selling prices as referred to in

Clause 4(c) or the prices of the final products as referred to in Clause 4(c) Proviso (iii) then any such prices to be used as the basis for calculating royalties payable shall be fixed by reference to the Director for the time being of The Radio Industry Council or his nominee acting as a valuer but not as an arbitrator.

6. The Licensee agrees upon request to grant to the Grantors or to any one or more of them upon reasonable terms non-exclusive non-transferable licences (but with the right to sub-license subsidiary or associated companies) to make use exercise and vend all or any of the inventions the subject of British and/or Eireann Letters Patent applicable to Television Receivers in respect of which and insofar as the Licensee has or shall hereafter have the right to grant a licence for the purposes of manufacturing using selling or letting on hire Television Receivers within the said territory.

7. The Grantors may determine this Licence at any time by notice in writing to the Licensee upon the happenting of any of the following events:—

(a) If any royalty return or any royalty payable is not rendered or is unpaid for thirty days after the due dates and remains unrendered or unpaid for seven days after notice in that behalf from the Grantors, or

(b) If there be any breach on the part of the Licensee of any other of the terms or conditions herein contained and the same be not remedied made good or desisted from within seven days of notice in that behalf from the Grantors, or

(c) If the Licensee shall become bankrupt or compound with his creditors or (being a company) shall have a receiver appointed or go into liquidation whether voluntary or compulsory, or

(d) If any Company which at any time during the subsistence of this Licence controls the Licensee or is under the same control as the Licensee and is engaged in any field

of business to which this Licence is applicable does not hold or at the request of the Grantors does not accept within one month of such request a Licence upon the same terms and conditions as are contained in this Licence.

Any determination of this Licence shall be without prejudice to all claims of the Grantors against the Licensee for outstanding royalties or prior breaches of this Licence or otherwise.

8. Until further notice all returns remittances and communications for the Grantors under this Licence should be addressed and sent to Mr. F. C. Topham, Room 419, Marconi House, Strand, London, W.C.2 and all cheques made payable to Marconi's Wireless Telegraph Co., Ltd.

In Witness Whereof an Agent hereunto duly authorized has on behalf of the Grantors hereunto on their behalf set his hand and the Licensee has hereunder set his hand.

A Director of the Licensee hereunto duly authorised has hereunto on the Licensee's behalf set his hand the day and year first above written.

For and on behalf of:

The British Thompson-Houston Limited
Cinema-Television Limited
Electric & Musical Industries Limited
The General Electric Company Limited
Marconi's Wireless Telegraph Company Limited
Murphy Radio Limited
Philips Electrical Industries Limited
Pye Limited
Standard Telephones and Cables Limited

Signed by .....
for and on behalf of the Grantors
in the presence of .....

Signed by .....
in the presence of:

For and on behalf of:

.....

Limited,

.....

Director.

Signed by .....
A Director of and for and on behalf
of ..... in
the presence of:

DEFENDANT'S EXHIBIT NO. 69.

Exhibit M

Licence A7—T. (2nd Edition)

An Agreement made this ..... day of ..... One thousand nine hundred and fifty ..... Between The British Thomson-Houston Company Limited having its registered office at Crown House Aldwych London W.C.2 and Cinema-Television Limited having its registered office at Albion House 59 New Oxford Street London W.C.1 and Electric & Musical Industries Limited having its registered office at Blyth Road Hayes Middlesex and The General Electric Company Limited having its registered office at Magnet House Kingsway London W.C.2 and Marconi's Wireless Telegraph Company Limited having its registered office at Marconi House Strand London W.C.2 and Murphy Radio Limited having its registered office at 62 Brook Street London W.1 and Philips Electrical Industries Limited having its Head Office at Century House Shaftesbury Avenue London W.C.2 and Pye Limited having its registered office at Radio Works Cambridge and Standard Telephones And Cables Limited having its registered office at Connaught House Aldwych London W.C.2 (hereinafter together called "the Grantors") of the first part and ..... of ..... (hereinafter called "the Licensee") of the second part

Whereas the Licensee has applied to the Grantors to grant and the Grantors have agreed to grant to the Licensee a Licence under their respective patent rights and upon the terms and conditions hereinafter mentioned and in consideration of the royalties herein reserved and assessed Now It Is Hereby Agreed between the parties as follows:—

1. (a) The expression "Television Receivers" when

herein used shall mean apparatus (whether or not equipped with electron discharge devices or equivalent devices) which is intended to receive and translate electrical oscillations modulated by vision and associated sound signals which are broadcast to the public and which is intended for use for entertainment or education purposes or is of a type normally supplied to the public for domestic use Provided However that such expression shall include:—

(i) the following apparatus combined therewith or sold for combination therewith namely apparatus intended for the reception and translation of electrical oscillations modulated by sound signals which are broadcast to the public but are not accompanied by vision signals (hereinafter referred to as "sound only receiving apparatus") apparatus intended for the reproduction of sound from records (hereinafter referred to as "gramophone apparatus") [frequency conversion units frequency modulation reception units] and signal boosting apparatus.

(ii) television receiving apparatus of the kind supplied by a broadcast television relay service as the subscribers' terminal units.

(iii) sets of component parts as hereinafter defined.

Provided Further that the expression "Television Receivers" shall Not include:—

any broadcast relay apparatus other than the terminal units referred to as included under item (ii) above, or

Television Receivers adapted for producing a picture larger than 30 square feet.

(b) The expression "set of component parts" shall mean a number of component parts and/or assembled units which are capable of being put together so as substantially to constitute a Television Receiver.

(c) The expression "subsidiaries" where herein used

shall mean companies partnerships or businesses now or hereafter during the subsistence of this Licence directly or indirectly owned or controlled by the Licensee and domiciled within the said territory and engaged in any field of business to which this Licence is applicable.

(d) The expression "selling" or "sold" when herein used shall be deemed to include sales on hire-purchase.

2. (a) The Grantors grant and agree to grant to the Licensee subject to the terms and conditions herein appearing personal non-exclusive non-assignable licences to use and exercise all or any of the inventions the subject of any British [handwritten insert: and any] Eireann or Channel Island Letters Patent applicable to Television Receivers in respect of which and insofar as the Grantors or any of them respectively now have or may hereafter during the subsistence of this Licence have the right to grant Licences for the purposes and on the terms hereof (which Letters Patent are herein collectively called "the said Letters Patent") for the purposes of manufacturing Television Receivers within Great Britain Northern Ireland Eire the Channel Islands and the Isle of Man (hereinafter called "the said territory") and of using selling or letting on hire such Television Receivers so manufactured hereunder. The Licence to manufacture shall include a licence to have Television Receivers manufactured for the Licensee by others but only for sale under the trade marks or trade names of the Licensee.

(b) The Licence shall be deemed to have commenced on January 1st, 1953 and shall continue until December 31st, 1957 unless previously determined as hereinafter provided.

(c) Nothing contained herein shall be deemed to license the Licensee under the said Letters Patent to manufacture sell or let on hire:—

(i) electron discharge devices or equivalent devices, or lamps of any kind.

(ii) materials or component parts for sale separately (materials or component parts—other than items included in 2(c) (i) above—which are actually incorporated in or form part of Television Receivers are included in this Licence).

(iii) any apparatus not included within the expression "Television Receivers".

(d) Any licences herein granted or agreed to be granted under any Letters Patent in respect of which the rights of the Grantors or any of them to grant licences are subject to limitations shall be subject to the same limitations. Licences under patent rights derived by any of the Grantors from third parties under agreements which require the payment of royalties or other deferred payments based on the use of the inventions or acceptance of terms or conditions other than those herein contained are excluded from the licences herein granted. But (so far as any of the Grantors have the right to grant the same) the Licensee may obtain licences as described in Clauses 2(a) and 2(b) hereof under such patent rights by signifying to the Grantors, within two months after receiving from the Grantors notice of such royalties terms and conditions, and in such manner as they require his acceptance of such terms and conditions and his agreement to pay to the Grantors such additional royalty or deferred payment as aforesaid as may be required to enable the Grantors out of the total royalty paid by the Licensee both to retain the royalties payable under Clause 4(c) hereof and to pay the royalty or other deferred payment based on the Licensee's use of the inventions which is or may be required by such agreements to be paid by the Grantors or any of them to such third parties. Any such additional royalties payable hereunder shall be shown separately in the returns hereinafter mentioned.

3. Notwithstanding the provisions of Clause 2(a) hereof the Licensee agrees that for the purposes of this Agreement

all subsidiaries shall be deemed to be parts or departments of the Licensee and the Licensee undertakes full responsibility hereunder on their behalf accordingly.

4. The Licensee agrees with the Grantors as follows:—

(a) Not without the previous written consent of the Grantors to sell within the said territory any Television Receiver which has not been manufactured in the territory for which this Licence is granted. No Television Receiver shall be deemed to have been so manufactured within the meaning of this Licence whic incorporates imported components to an extent per Television Receiver greater in value than ten per cent of the retail list price thereof. The Licensee will if so requested furnish information as to the value of any such imported and incorporated components.

(b) To cause to be attached in a prominant position to all Television Receivers sold let on hire or put into use by the Licensee a licence plate in accordance with a design and wording authorized and notified by the Grantors to the Licensee which plate shall bear a serial number allocated by the Grantors. Such plates may be obtained from the Grantors at cost price. No plates shall be disposed of by the Licensee except as herein provided and upon the termination of this Licence all unused plates except those required under proviso (i) of Clause 4 sub-clause (c) hereof shall be delivered up to the Grantors for destruction.

(c) To pay to the Grantors:—

Royalties [on the Licensee's nett turnover as hereinafter defined] at the following rates:—

[On the first £150,000 (£1 to £150,000) of nett turnover in each year ending December 31st..... 3%

On the next £150,000 (£150,001 to £300,000) of nett turnover in each such year or part thereof....2½%

On all subsequent nett turnover in each such year or part thereof 2%

The above rates shall be reduced by 33⅓% in respect of that portion of the Licensee's nett turnover which shall relate to television receivers incorporating both sound only receiving apparatus and gramophone apparatus and 16⅔% in respect of that portion of the Licensee's nett turnover which shall relate to television receivers incorporating sound only receiving apparatus or gramophone apparatus but not both.]

The expression "nett turnover" where herein used shall subject to Provisos (ii) and (iii) hereof mean the total of nett invoice prices (whether or not paid and before deduction of settlement discounts) of all Television Receivers hereunder manufactured by or for the Licensee during the subsistence of this Licence and sold let on hire or put into use by the Licensee whether or not such Television Receivers embody or utilise or are designed or intended to embody or utilise any invention the subject of any of the said Letters Patent including in such prices the value of everything (for example cabinets valves and cathode ray tubes) normally incorporated in or forming part of complete Television Receivers and actually included as part thereof at the time of sale but shall not include Purchase Tax or Custom Duties thereon. In the case of Television Receivers let on hire as distinct from those sold on hire-purchase and in the case of Television Receivers put into use by the Licensee the royalty payable in respect of such Television Receivers shall be the same as if a normal sale had been made at the time of hiring or putting into use and for that purpose the nett invoice price for inclusion in the Licensee's nett turnover shall be deemed to be the normal selling price. If the normal selling price cannot readily be ascertained a figure shall be mutually agreed but failing such agreement then the said selling price shall be decided in accordance with the provisions of Clause 5 hereof.

The aforementioned royalty rates shall be reduced by 50% (fifty per centum) in respect of all Television Receivers exported from the said territory. No Licence is granted or implied hereunder under any patent granted outside the said territory.

When the total of the royalties computed in accordance with this sub-clause (c) in respect of any year commencing January 1st on Television Receivers manufactured by or for the Licensee for ultimate supply to the final customers under the name or mark of the Licensee and as the Licensee's receivers [or exported] reaches £25,000 (Twenty five thousand pounds) then the rates of royalty payable under this sub-clause (c) upon the subsequent nett turnover of the Licensee in respect of such Television Receivers supplied in that year shall be reduced to 0.02% (nought point nought two per centum).

Provided Always That

(i) Royalty shall be payable upon all Television Receivers manufactured prior to but remaining unsold at the date of termination of this Licence and shall be calculated in accordance with the net invoice prices and royalty rates current immediately prior to the date of such termination and the licence plates shall be attached thereto.

(ii) In the event that the Licensee manufactures for and supplies Television Receivers to a party holding a similar licence from the Grantors that part of the nett turnover of the Licensee the party hereto relating to such supplies shall be excluded from the Licensee's nett turnover for the purpose of computing the royalties payable hereunder by the Licensee.

(iii) In the event that the Licensee manufactures for and supplies Television Receivers to a party in [the said territory] not being a party hereto and not holding a similar licence from the Grantors for re-sale

or letting on hire under a name or mark other than that of the Licensee then that part of the nett turnover of the Licensee relating thereto shall be shown and calculated separately in respect of each such other party. When the Licensee's royalties in respect of such supplies to any one such other party have reached £25,000 (Twenty five thousand pounds) in respect of any year commencing January 1st then the royalty rates for all further part of the nett turnover of the Licensee relating to that same other party for the same year shall be reduced to 0.02% (nought point nought two per centum).

If any such other party performs or has performed (for example on a chassis) further manufacturing or assembling operations on or makes additions to the said Television Receivers that part of the Licensee's nett turnover relating thereto shall be calculated upon the nett invoice prices of the final products or where these prices cannot be ascertained upon prices to be mutually agreed between the parties hereto. If the parties fail to reach agreement by the date at which payment of royalties in respect of such Television Receivers would normally have been due hereunder the prices shall be decided in accordance with the provisions of Clause 5 hereof and the Licensee's nett turnover in respect of such manufacture shall be calculated upon the prices so decided.

(d) To keep accounts of everything necessary to ensure accurate quarterly returns of all apparatus the prices of which are to be included in the nett turnover under this agreement being rendered to such person as the Grantors may designate to the Licensee from time to time and to render such returns upon the forms supplied by the Grantors within one month of each 31st March, 30th June, 30th September and 31st December and to forward within four-

teen days after the end of the said one month a remittance for the royalty due.

(e) To pay to the Grantors upon all royalties unpaid after the expiry of fourteen days of the date or dates upon which returns are due according to the terms of the preceding sub-clause (d) an additional royalty equal to four per centum per annum on such unpaid royalties until the same have been paid.

(f) To permit auditors appointed by the Grantors to inspect all the books and accounts relative to this Licence at any time during the period hereof or within six months after the termination thereof and on the request of the Grantors to cause any quarterly return to be verified by the statutory declaration of the proper officer or auditors of the Licensee. Provided that the Licensee shall have the right to require that the auditor making such inspection shall be an independent auditor and that if the Licensee shall have failed to render accounts or if the accounts rendered by him are by such inspection shown to be inaccurate the Licensee shall pay the cost of such independent audit without prejudice to any other remedies or claims of the Grantors.

(g) Not to contest or assist others to contest the validity of any Letters Patent under which the Licensee receives licenses hereunder. Provided however that the Licensee reserves the right to contest or assist others to contest the validity of any such Letters Patent in any proceeding relating to products [of a kind other than Television Receivers] (other than those for which Licensee are by this Agreement agreed to be given) and in any proceedings if the result of such contestation might affect the validity or scope of one of the Licensee's own patents.

(h) Not to assign transfer mortgage grant sub-licenses under or in any manner part with the possession or control or benefit of this License or any part of it without the previous written consent of the Grantors.

5. In the event of the failure of the parties to agree as to what is the normal selling prices as referred to in Clause 4(c) or the prices of the final products as referred to in Clause 4(c) Proviso (iii) then any such prices to be used as the basis for calculating royalties payable shall be fixed by reference to the Director for the time being of The Radio Industry Council or his nominee acting as a valuer but not as an arbitrator.

6. The Licensee agrees upon request to grant to the Grantors or to any one or more of them upon reasonable terms non-exclusive non-transferable licences (but with the right to sub-license subsidiary or associated companies) to make use exercise and vend all or any of the inventions the subject of [any] British and/or Eireann [or Channel Islands] Letters Patent applicable to Television Receivers in respect of which and insofar as the Licensee has or shall hereafter have the right to grant a licence for the purposes of manufacturing using selling or letting on hire Television Receivers within the said territory.

7. The Grantors may determine this Licence at any time by notice in writing to the Licensee upon the happening of any of the following events:

(a) If any royalty return or any royalty payable is not rendered or is unpaid for thirty days after the due dates and remains unrendered or unpaid for seven days after notice in that behalf from the Grantors, or

(b) If there be ayn breach on the part of the Licensee of any other of the terms or conditions herein contained and the same be not remedied made good or desisted from within seven days of notice in that behalf from the Grantors, or

(c) If the Licensee shall become bankrupt or compound with his creditors or (being a company) shall have a receiver appointed or go into liquidation whether voluntary or compulsory, or

(d) If any Company which at any time during the sub-

sistence of this Licence controls the Licensee or is under the same control as the Licensee and is engaged in any field of business to which this Licence is applicable does not hold or at the request of the Grantors does not accept within one month of such request a Licencee upon the same terms and conditions as are contained in this Licence.

Any determination of this Licence shall be without prejudice to all claims of the Grantors against the Licensee for outstanding royalties or prior breaches of this Licence or otherwise.

8. Until furthe rnotice all returns remittances and communications for the Grantors under this License shall be addressed and sent to Mr. F. C. Topham, Room 419, Marconi House, Strand, London, W.C.2 and all cheques made payable to Marconi's Wireless Telegraph Co., Ltd.

In Witness Whereof an Agent hereunto duly authorised has on behalf of the Grantors hereunto on their behalf set his hand and the Licensee has hereunder set his hand.

A Director of the Licensee hereunto duly authorised has hereunto on the Licensee's behalf set his hand the day and year first above written.

For and on behalf of:
The British Thompson-Houston Company Limited.
Cinema-Television Limited.
Electric & Musical Industries Limited.
The General Electric Company
Marconi's Wireless Telegraph Company Limited.
Murphy Radio Limited.
Philips Electrical Industries Limited.
Pye Limited.
Standard Telephones and Cables Limited.

Signed by .....
for and on behalf of the Grantors
in the presence of:

.....

Signed by
in the presence of:

.....

For and on behalf of:

.....

Limited.

.....

Director.

Signed by

.....

a Director of and for and on behalf of
in the presence of:

.....

DEFENDANT'S EXHIBIT NO. 70.

Licence A8-S.

An Agreement made this.....day of.....
One thousand nine hundred and sixty..... Between Electrical & Musical Industries Limited having its registered office at Blyth Road Hayes Middlesex and The General Electric Company Limited having its registered office at Magnet House Kingsway London W.C.2 and Marconi's Wireless Telegraph Company Limited having its registerd office at Marconi House Strand London W.C.2 and Murphy Radio Limited having its registered office at 62 Brook Street London W.1 and Philips Electrical Industries Limited having its Head Office at Century House Shaftesbury Avenue London W.C.2 and Pye Limited having its registered office at Radio Works Cambridge and Rank Cintel Limited having its registered office at Albion House 59 New Oxford Street London W.C.1 and Standard Telephones and Cables Limited having its registered office at Connaught House Aldwych London W.C.2 (hereinafter together called "the Grantors") of the first part and.....
of ..... hereinafter called "the Licensee") of the second part

Whereas the Licensee has applied to the Grantors to grant and the Grantors have agreed to grant to the Licensee a Licence under their respective patent rights and upon the terms and conditions hereinafter mentioned and in consideration of the royalties herein reserved and assessed Now It Is Hereby Agreed between the parties as follows:—

1. (a) The expression "Broadcast Sound Receivers" when herein used shall mean apparatus (whether or not equipped with electron discharge devices oar equivalent devices) which is intended to receive and translate electrical

oscillations modulated by sound signals not associated with vision signals which the broadcast to the public and which is intended for use for entertainment or education purposes or is of a type normally supplied to the public for domestic use Provided However, that such expression shall include:

(i) The following apparatus combined therewith or sold for combination therewith namely apparatus intended for the reproduction of sound from records (radio-gramophones) frequency conversion units frequency modulation reception units and signal boosting apparatus.

(ii) Broadcast sound receiving apparatus of the kind supplied by a broadcast sound relay service as the subscribers' terminal units.

(iii) sets of component parts as hereinafter defined. Provided Further that the expression "Broadcast Sound Receivers" shall Not include:—

any broadcast relay apparatus other than the terminal units referred to as included under item (ii) above, or

any apparatus combined with or sold for combination with television receiving apparatus.

(b) The expression "set of component parts" shall mean a number of component parts and/or assembled units which are capable of being put together so as substantially to constitute a Broadcast Sound Receiver.

(c) The expression "subsidiaries" where herein used shall mean companies partnerships or businesses now or hereafter during the subsistence of this Licence directly or indirectly owned or controlled by the Licensee and domiciled within the said territory and engaged in any field of business to which this Licence is applicable.

(d) The expression "selling" or "sold" when herein used shall be deemed to include sales on hire-purchase.

2. (a) The Grantors grant and agree to grant to the License subject to the terms and conditions herein appearing personal non-exclusive non-assignable licences to use and exercise all or any of the inventions the subject of any British Eireann or Channel Islands Letters Patent applicable to Broadcast Sound Receivers in respect of which and insofar as the Grantors or any of them respectively now have or may hereafter during the subsistence of this Licence have the right to grant Licences for the purposes and on the terms hereof (which Letters Patent are herein collectively called "the said Letters Patent") for the purposes of manufacturing Broadcast Sound Receivers within Great Britain Northern Ireland Eire the Channel Islands and the Isle of Man (hereinafter called "the said territory") and of using selling or letting on hire such Broadcast Sound Receivers so manufactured hereunder. The Licence to manufacture shall include a licence to have Broadcast Sound Receivers manufactured for the Licensee by others but only for sale under the trade marks or trade names of the Licensee.

(b) The Licence shall be deemed to have commenced on July 1st, 1960, and shall continue until June 30th, 1964 unless previously determined as hereinafter provided.

(c) Nothing contained herein shall be deemed to license the Licensee under the said Letters Patent to manufacture sell or let on hire:—

(i) electron discharge devices or equivalent devices or lamps of any kind.

(ii) materials or component parts for sale separately (materials or component parts—other than items included in 2(c) (i) above—which are actually incorporated in or form part of Broadcast Sound Receivers are included in this Licence).

(iii) any apparatus not included within the expression "Broadcast Sound Receivers".

(d) Any licences herein granted or agreed to be granted under any Letters Patent in respect of which the rights of the grantors or any of them to grant licences are subject to limitations shall be subject to the same limitations. Licences under patent rights derived by any of the Grantors from third parties under agreements which require the payment of royalties or other deferred payments based on the use of the inventions or acceptance of terms or conditions other than those herein contained are excluded from the licences herein granted. But (so far as any of the Grantors have the right to grant the same) the Licensee may obtain licences as described in Clauses 2(a) and 2(b) hereof under such patent rights by signifying to the Grantors, within six months after receiving from the Grantors notice of such royalties terms and conditions, and in such manner as they may require his acceptance of such terms and conditions and his agreement to pay to the Grantors such additional royalty or deferred payment as aforesaid as may be required to enable the Grantors out of the total royalty paid by the Licensee both to retain the royalties payable under Clause 4(b) hereof and to pay the royalty or other deferred payment based on the Licensee's use of the inventions which is or may be required by such agreements to be paid by the Grantors or any of them to such third parties. Any such additional royalties payable hereunder shall be shown separately in the returns hereinafter mentioned.

3. Notwithstanding the provisions of Clause 2(a) hereof the Licensee agrees that for the purposes of this Agreement all subsidiaries shall be deemed to be parts or departments of the Licensee and the Licensee undertakes full responsibility hereunder on their behalf accordingly.

4. The Licensee agrees with the Grantors as follows:—

(a) To cause to be attached in a prominent position to

all Broadcast Sound Receivers sold let on hire or put into use by the Licensee a licence plate in accordance with a design and wording authorised and notified by the Grantors to the Licensee which plate shall bear a serial number allocated by the Grantors. Such plates may be obtained from the Grantors at cost price. No plates shall be disposed of by the Licensee except as herein provided and upon the termination of this Licence all unused plates except those required under proviso (i) of Clause 4 subclause (b) hereof shall be delivered up to the Grantors for destruction.

(b) To pay to the Grantors:—

Royalties at the rate of 0.2% (nought point two per centum) on the Licensee's nett turnover as hereinafter defined. The expression "nett turnover" where herein used shall subject to Provisos (ii) and (iii) hereof mean the total of nett invoice prices (whether or not paid and before deduction of settlement discounts) of all Broadcast Sound Receivers hereunder manufactured by or for the Licensee during the subsistence of this Licence and sold let on hire or put into use by the Licensee whether or not such Broadcast Sound Receivers embody or utilise or are designed or intended to embody or utilise any invention the subject of any of the said Letters Patent including in such prices the value of everything (for example cabinets valves and batteries) normally incorporated in or forming part of complete Broadcast Sound Receivers and actually included as part thereof at the time of sale but shall not include Purchase Tax or Customs Duties thereon. In the case of Broadcast Sound Receivers let on hire as distinct from those sold on hire-purchase and in the case of Broadcast Sound Receivers put into use by the Licensee the royalty payable in respect of such Broadcast Sound Receivers shall be the same as if a normal sale had been made at the time of hiring or putting into use and for that purpose the nett invoice

price for inclusion in the Licensee's nett turnover shall be deemed to be the normal selling price. If the normal selling price cannot readily be ascertained a figure shall be mutually agreed but failing such agreement then the said selling price shall be decided in accordance with the provisions of Clause 5 hereof.

The aforementioned royalty rate shall be reduced by 50% (fifty per centum) in respect of all Broadcast Sound Receivers exported from the said territory. No Licence is granted or implied herunder under any patent granted outside the said territory.

Provided Always that

(i) Royalty shall be payable upon all Broadcast Sound Receivers manufactured prior to but remaining unsold at the date of termination of this Licence and shall be calculated in accordance with the nett invoice prices and royalty rate current immediately prior to the date of such termination and licence plates shall be attached thereto.

(ii) In the event that the Licensee manufactures for and supplies Broadcast Sound Receivers to a third party holding Licence A8-S that part of the nett turnover of the Licensee relating to such supplies shall be excluded from the Licensee's nett turnover for the purpose of computing the royalties payable hereunder by the Licensee.

(iii) In the event that the Licensee manufactures for and supplies Broadcast Sound Receivers to a third party in the said territory not holding Licence A8-S and such third party performs or has performed (for example on a chassis) further manufacturing or assembling operations on or makes additions to the said Broadcast Sound Receivers that part of the Licensee's nett turnover relating thereto shall be cal-

culated upon the nett invoice prices of the final products of such third party or where these prices cannot be ascertained upon prices to be mutually agreed between parties hereto. If the parties fail to reach agreement by the date at which payment of royalties in respect of such Broadcast Sound Receivers would normally have been due hereunder the prices shall be decided in accordance with the provision of Clause 5 hereof and the Licensee's nett turnover in respect of such manufacture shall be calculated upon the prices so decided.

(c) To keep accounts of everything necessary to ensure accurate quarterly returns of all apparatus the prices of which are to be included in the nett turnover under this agreement being rendered to such persons as the Grantors may designate to the Licensee from time to time and to render such returns upon the forms supplied by the Grantors within one month of each 31st March 30th June 30th September and 31st December and to forward within fourteen days after the end of the said one month a remittance for the royalty due.

(d) To pay to the Grantors upon all royalties unpaid after the exipry of fourteen days of the date or dates upon which returns are due according to the terms of the preceding sub-clause (c) and additional royalty equal to four per centum per annum on such unpaid royalties until the same have been paid.

(e) That the Grantors may upon the request of and only upon such request supply to H. M. Inspector of Texas information relative to the gross and nett amounts of all Royalties paid to the Grantors and Income Tax deducted therefrom by the Licensee.

(f) To permit auditors appointed by the Grantors to inspect all the books and accounts relative to this Licence

at any time during the period hereof or within six months after the termination thereof and on the request of the Grantors to cause any quarterly return to be verified by the statutory declaration of the proper officer or auditors of the License. Provided that the Licensee shall have the right to require that the auditor making such inspection shall be an independent auditor and that if the Licensee shall have failed to render accounts or if the accounts rendered by him are by such inspection shown to be inaccurate the Licensee shall pay the cost of such independent audit without prejudice to any other remedies or claims of the Grantors.

(g) Not to contest or assist others to contest the validity of any Letters Patent under which the Licensee receives licences hereunder. Provided however that the Licensee reserves the right to contest or assist others to contest the validity of any such Letters Patent in any proceedings relating to products other than Broadcast Sound Receivers and in any proceedings if the result of such contestation might affect the validity of scope of one of the Licensee's own patents.

(h) Not to assign transfer mortgage grante sub-licences under or in any manner part with the possession or control or benefit of this Licence or any part of it without the previous written consent of the Grantors.

5. In the event of the failure of the parties to agree as to what is the normal selling prices as referred to in Clause 4(b) or the prices of the final products as referred to in Clause 4(b) Proviso (iii) then any such prices to be used as the basis for calculating royalties payable shall be fixed by reference to the Chairman for the time being of The British Radio Equipment Manufacturers' Association, or his nominee acting as a valuer but not as an arbitrator.

6. The Licensee agrees upon request to grant to the

Grantors or to any one or more of them upon reasonable terms non-exclusive non-transferable licences (but with the right to sub-license subsidiary or associated companies) to make use exercise and vend all or any of the inventions the subject of any British Eireann or Channel Islands Letters Patent applicable to Broadcast Sound Receivers in respect of which and insofar as the Licensee has or shall hereafter have the right to grant a licence for the purposes of manufacturing using selling or letting on hire Broadcast Sound Receivers within the said territory.

7. The Grantors may determine this Licence at any time by notice in writing to the Licensee upon the happening of any of the following events:—

(a) If any royalty return or any royalty payable is not rendered or is unpaid for thirty days after the due dates and remains unrendered or unpaid for seven days after notice in that behalf from the Grantors, or

(b) If there be any breach on the part of the Licensee of any other of the terms or conditions herein contained and the same be not remedied made good or desisted from within seven days of notice in that behalf from the Grantors, or

(c) If the Licensee shall become bankrupt or compound with his creditors or (being a company) shall have a receiver appointed or go into liquidation whether voluntary or compulsory, or

(d) If any Company which at any time during the subsistence of this Licence controls the Licensee or is under the same control as the Licensee and is engaged in any field of business to which this Licence is applicable does not hold or at the request of the Grantors does not accept within one month of such request a Licence upon the same terms and conditions as are contained in this Licence.

Any determination of this Licence shall be without prejudice to all claims of the Grantors against he Licensee for

outstanding royalties or prior breaches of this Licence or otherwise.

8. Until further notice all returns remittances and communications for the Grantors under this Licence shall be addressed and sent to Mr. F. C. Topham, Room 419, Marconi House, Strand, London, W. C. 2, and all cheques made payable to Marconi's Wireless Telegraph Co., Ltd.

In Witness Whereof an Agent hereunto duly authorised has on behalf of the Grantors hereunto on their behalf set his hand and the licensee has hereunder set his hand

a Director of the Licensee hereunto duly authorised has hereunto on the Licensee's behalf set his hand the day and year first above written.

For and on behalf of:

Electric & Musical Industries Limited
The General Electric Company Limited
Marconi's Wireless Telegraph Company Limited
Murphy Radio Limited
Philips Electrical Industries Limited
Pye Limited
Rank Cintel Limited
Standard Telephone and Cables Limited

Signed by .....
for and on behalf of the Grantors in the presence of:

.....

Signed by .....
in the presence of:

.....

For and on behalf of:

_____

Limited

_____

Director

Signed by _____

_____

a Director of and for and on behalf of:

_____

in the presence of:

_____

Licence A8—T.

Dated ..... 19.....

Electric & Musical Industries Ltd.
The General Electric Co. Ltd.
Marconi's Wireless Telegraph Co. Ltd.
Murphy Radio Limited.
Philips Electrical Industries Ltd.
Pye Limited.
Rank Cintel Limited.
Standard Telephones and Cables Ltd.

and

.....

Licence

To use and exercise certain Letters Patent for certain specific purposes as within in connection with Television Receivers.

DEFENDANT'S EXHIBIT NO. 71.

Licence A8—T.

An Agreement made this ..... day of ..... One thousand nine hundred and sixty ..... Between Electric and Musical Industries Limited having its registered office at Blyth Road Hayes Middlesex and The General Electric Company Limited having its registered office at Magnet House Kingsway London W. C. 2 and Marconi's Wireless Telegraph Company Limited having its registered office at Marconi House Strand London W. C. 2 and Murphy Radio Limited having its registered office at 62 Brook Street

London W. 1 and Philips Electrical Industries Limited having its Head Office at Century House Shaftesbury Avenue London W. C. 2 and Pye Limited having its registered office at Radio Works Cambridge and Rank Cintel Limited having its registered office at Albion House 59 New Oxford Street London W. C. 1 and Standard Telephones and Cables Limited having its registered office at Connaught House Aldwych London W. C. 2 (hereinafter together called "the Grantors") of the first part and ..... of .....

(hereinafter called "the Licensee") of the second part

Whereas the Licensee has applied to the Grantors to grant and the Grantors have agreed to grant to the Licensee a Licence under their respective patent rights and upon the terms and conditions hereinafter mentioned and in consideration of the royalties herein reserved and assessed Now It Is Hereby Agreed between the parties as follows:—

1. (a) The expression "Television Receivers" when herein used shall mean apparatus (whether or not equipped with electron discharge devices or equivalent devices) which is intended to receive and translate electrical oscillations modulated by vision and associated sound signals which are broadcast to the public and which is intended for use for entertainment or education purposes or is of a type normally supplied to the public for domestic use Provided However that such expression shall include:—

(i) the following apparatus combined therewith or sold for combination therewith namely apparatus intended for the reception and translation of electrical oscillations modulated by sound signals which are broadcast to the public but are not accompanied by vision signals (hereinafter referred to as "sound only receiving apparatus") apparatus intended for the reproduction of sound from records (hereinafter referred to as "gramophone apparatus") frequency conversion units frequency modulation reception units and signal boosting apparatus.

(ii) television receiving apparatus of the kind supplied by a broadcast television relay service as the subscribers' terminal units.

(iii) sets of component parts as hereinafter defined. Provided Further that the expression "Television Receivers" shall Not include:—

any broadcast relay apparatus other than the terminal units referred to as included under item (ii) above, or

Television Receivers adapted for producing a picture larger than 30 square feet.

(b) The expression "set of component parts" shall mean a number of component parts and/or assembled units which are capable of being put together so as substantially to constitute a Television Receiver.

(c) The expression "subsidiaries" where herein used shall mean companies partnerships or businesses now or hereafter during the subsistence of this Licence directly or indirectly owned or controlled by the Licensee and domiciled within the said territory and engaged in any field of business to which this Licence is applicable.

(d) The expression "selling" or "sold" when herein used shall be deemed to include sales on hire-purchase.

2. (a) The Grantors grant and agree to grant to the Licensee subject to the terms and conditions herein appearing personal non-exclusive non-assignable licences to use and exercise all or any of the inventions the subject of any British Eireann or Channel Islands Letters Patent applicable to Television Receivers in respect of which and insofar as the Grantors or any of them respectively now have or may hereafter during the subsistence of this Licence have the right to grant Licences for the purposes and on the terms hereof (which Letters Patent are herein collectively called "the said Letters Patent") for the purposes of

manufacturing Television Receivers within Great Britain Northern Ireland Eire the Channel Islands and the Isle of Man (hereinafter called "the said territory") and of using selling or letting on hire such Television Receivers so manufactured ereunder. The Licence to manufacture shall include a licence to have Television Receivers manufactured for the Licensee by others but only for sale under the trade marks or trade names of the Licensee.

(b) The Licence sall be deemed to have commenced on July 1st, 1960, and shall continue until June 30th, 1964 unless previously determined as hereinafter provided.

(c) Nothing contained herein shall be deemed to licence the Licensee under the said Letters Patent to manufacture sell or let on hire:—

(i) electron discharge devices or equivalent devices or lamps of any kind.

(ii) materials or component parts for sale separately (materials or component parts—other than items included in 2(c) (i) above—which are actually incorporated in or form part of Television Receivers are included in this Licence).

(iii) any apparatus not included within the expression "Television Receivers".

(d) Any licences herein granted or agreed to be granted under any Letters Patent in respect of which the rights of the Grantors or any of them to grant licences are subject to limitations shall be subject to the same limitations. Licenses under patent rights derived by any of the Grantors from third parties under agreements which require the payment of royalties or other deferred payments based on the use of the inventions or acceptance of terms or conditions other than those herein contained are excluded from the licences herein granted. But (so far as any of the Grantors have the right to grant the same) the Licensee may obtain licences as described in Clauses 2(a) and 2(b)

hereof under such patent rights by signifying to the Grantors, within six months after receiving from the Grantors notice of such royalties terms and conditions, and in such manner as they require his acceptance of such terms and conditions and his agreement to pay to the Grantors such additional royalty or deferred payment as foresaid as may be required to enable the Grantors out of the total royalty paid by the Licensee both to retain the royalties payable under Clause 4(b) hereof and to pay the royalty or other deferred payment based on the Licensee's use of the inventions which is or may be required by such agreements to be paid by the Grantors or any of them to such third parties. Any such aditional royalties payable hereunder shall be shown separately in the returns hereinafter mentioned.

3. Notwithstanding the provisions of Clause 2(a) hereof the Licensee agrees that for the purposes of this Agreement all subsidiaries shall be deemed to be parts or departments of the Licensee and the Licensee undertakes full responsibility hereunder on their behalf accordingly.

4. The Licensee agrees with the Grantors as follows:—

(a) To cause to be attached in a prominent position to all Television Receivers sold let on hire or put into use by the Licensee a licence plate in accordance with a design and wording authorized and notified by the Grantors to the Licensee which plate shall bear a serial number allocated by the Grantors. Such plates may be obtained from the Grantors at cost price. No plates shall be disposed of by the Licensee except as herein provided and upon the termination of this Licence all unused plates except those required under proviso (i) of Clause 4 sub-clause (b) hereof shall be delivered up to the Grantors for destruction.

(b) To pay to the Grantors:—

Royalties on the Licensee's nett tunrover as hereinafter defined at the rate of 0.5% (nought point five per centum).

The expression "nett turnover" where herein used shall subject to Provisos (ii) and (iii) hereof mean the total of nett invocie prices (whether or not paid and before deduction of settlement discounts) of all Television Receivers hereunder manufactured by or for the Licensee during the subsistence of this Licence and sold let on hire or put into use by the Licensee whether or not such Television Receivers embody or utilise or are designed or intended to embody or utilise or any invention the subject of any of said Letters Patent including in such prices the value of everything (for example cabinets valves and cathode ray tubes) normally incorporated in or forming part of complete Television Receivers and actually included as part thereof at the time of sale but shall not include Purchase Tax or Customs Duties thereon. In the case of Television Receivers let on hire as distinct from those sold on hire-purchase and in the case of Television Receivers put into use by the Licensee the royalty payable in respect of such Television Receivers shall be the same as if a normal sale had been made at the time of hiring or putting into use and for the purpose the nett invoice price for inclusion in the Licensee's nett turnover shall be deemed to be the normal selling price. If the normal selling price cannot readily be ascertained a figure shall be mutually agreed but failing such agreement then the said selling price shall be decided in accordance with the provisions of Clause 5 hereof.

The aforementioned royalty rate shall be reduced by 50% (fifty per centum) in respect of all Television Receivers exported from the said territory. No Licence is granted or implied hereunder under any patent granted outside the said territory.

Provided Always That

(i) Royalty shall be payable upon all Television Receivers manufactured prior to but remaining unsold

at the date of termination of this Licence and shall be calculated in accordance with the nett invoice prices and royalty rates current immediately prior to the date of such termination and licence plates shall be attached thereto.

(ii) In the event that the Licensee manufactures for and supplies Television Receivers to a third party holding Licence A8-T that part of the nett turnover of the Licensee relating to such supplies shall be excluded from the Licensee's nett turnover for the purpose of computing the royalties payable hereunder by the Licensee.

(iii) In the event that the Licensee manufactures for and supplies Television Receivers to a third party in the said territory not holding Licence A8-T and such third party performs or has performed (for example on a chassis) further manufacturing or assembling operations on or makes additions to the said Television Receivers that part of the Licensee's nett turnover relating thereto shall be calculated upon the nett invoice prices of the final products of such third party or where these prices cannot be ascertained upon prices to be mutually agreed between the parties hereto. If the parties fail to reach agreemnt by the date at which payment of royalties in respect of such Television Receivers would normally have been due hereunder the prices shall be decided in accordance with the provisions of Clause 5 hereof and the Licensee's nett turnover in respect of such manufacture shall be calculated upon the prices so decided.

(c) To keep accounts of everything necessary to ensure accurate quarterly returns of all apparatus the prices of whcih are to be included in the nett turnover under this agreemnt being rendered to such person as the Grantors may designate to the Licensee from time to time and to

render such returns upon the forms supplied by the Grantors within one month of each 31st March 30th June 30th September and 31st December and to forward within fourteen days after the end of the said one month a remittance for the royalty due.

(d) To pay to the Grantors upon all royalties unpaid after the expiry of fourteen days of the date or dates upon which returns are due according to the terms of the preceding sub-clause (c) and additional royalty equal to four per centum per annum on such unpaid royalties until the same have been paid.

(e) That the Grantors may upon the request of and only upon such request supply to H. M. Inspector of Taxes information relative to the gross nett amounts of all Royalties paid to the Grantors and Income Tax deducted therefrom by the Licensee.

(f) To permit auditors appointed by the Grantors to inspect all the books and accounts relative to this Licence at any time during the period hereof or within six months after the termination thereof and on the request of the Grantors to cause any quarterly return to be verified by the statutory declaration of the proper officer or auditors of the Licensee. Provided that the Licensee shall have the right to require that the auditor making such inspection shall be an independent auditor and that if the Licensee shall have failed to render accounts or if the accounts rendered by him are by such inspection shown to be inaccurate the Licensee shall pay the cost of such independent audit without prejudice to any other remedies or claims of the Grantors.

(g) Not to contest or assist others to contest the validity of any Letters Patent under which the Licensee receives licences hereunder. Provided however that the Licensee reserves the right to contest or assist others to contest the validity of any such Letters Patent in any pro-

ceedings relating to products other than Television Receivers and in any proceedings if the result of such contestation might affect the validity or scope of one of the Licensee's own patents.

(h) Not to assign transfer mortgage grant sub-licences under or in any manner part with the possession or control or benefit of this Licence or any part of it without the previous written consent of the Grantors.

5. In the event of the failure of the parties to agree as to what is the normal selling prices as referred to in Clause 4(b) or the prices of the final products as referred to in Clause 4(b) Proviso (iii) then any such prices to be used as the basis for calculating royalties payable shall be fixed by reference to the Chairman for the time being of The British Radio Equipment Manufacturer's Association or his nominee acting as a valuer but not as an arbitrator.

6. The Licensee agrees upon request to grant to the Grantors or to any one or more of them upon reasonable terms non-exclusive non-transferable licences (but with the right to sub-license subsidiary or associated companies) to make use exercise and vend all or any of the inventions the subject of any British Eireann or Channel Islands Letters Patent applicable to Television Receivers in respect of which and insofar as the License has or shall hereafter have the right to grant a licence for the purposes of manufacturing using selling or letting on hire Television Receivers within the said territory.

7. The Grantors may determine this Licence at any time by notice in writing to the Licensee upon the happening of any of the folowing events:—

(a) If any royalty return or any royalty payable is not rendered or is unpaid for thirty days after the due dates and remains unrendered or unpaid for seven days after notice in that behalf from the Grantors, or

(b) If there be any breach on the part of the Licensee of any other of the terms or conditions herein contained

and the same be not remedied made good or desisted from within seven days of notice in that behalf from the Grantors, or

(c) If the License shall become bankrupt or compound with his creditors or (being a company) shall have a receiver appointed or go into liquidation whether voluntary or compulsory, or

(d) If any Company which at any time during the subsistence of this Licence controls the License or is under the same control as the Licensee and is engaged in any field of business to which this Licence is applicable does not hold or at the request of the Grantors does not accept within one month of such request a Licence upon the same terms and conditions as are contained in this Licence.

Any determination of this Licence shall be without prejudice to all claims of the Grantors against the Licensee for outstanding royalties or prior breaches of this Licence or otherwise.

8. Until further notice all returns remittances and communications for the Grantors under this Licence shall be addressed and sent to Mr. F. C. Topham, Room 419, Marconi House, Strand, London, W.C.2, and all checques made payable to Marconi's Wireless Telegraph Co., Ltd.

In Witness Whereof an Agent hereunto duly authorized has on behalf of the Grantors hereunto on their behalf set his hand and the Licensee has hereunder set his hand a Director of the Licensee hereunto duly authorised has hereunto on the Licensee's behalf set his hand the day and year first above written.

Signed by ..... for .....

and on behalf of the Grantors in the presence of:

Signed by .....

in the presence of:

For and on behalf of:

Electric & Musical Industries Limited.
The General Electric Company Limited.
Marconi's Wireless Telegraph Company Limited.
Murphy Radio Limited.
Phlips Eelectrical Industries Limited.
Pye Limited.
Rank Cintel Limited.
Standard Telephones and Cables Limited.

Signed by .....

.....

a Director of and for and on behalf of
in the presence of:

For and on behalf of

.....

Limited.

.....

Director.

Licence A8-T.

Dated ..... 19.....

Electric & Musical Industries Ltd.
The General Electric Co. Ltd.
Marconi's Wireless Telegraph Co. Ltd.
Murphy Radio Limited.
Philips Electrical Industries Ltd.
Pye Limited.
Rank Cintel Limited.
Standard Telephones and Cables Ltd.
and

Licence

To use and exercise certain Letters Patent for certain specific purposes as within in connection with Television Receivers.

DEFENDANT'S EXHIBIT NO. 72.

MacKenty, Exh. 1 4/9/57 LRP
Copies to Mr. O'Callaghan, Mr. Morton.

November 29th, 1932.

Mr. Otto Schairer,
Radio Corporation of America,
570 Lexington Avenue,
New York.

Dear Mr. Schairer,

I have read thoroughly and with both interest and admiration the various documents which determine the future relationship of the Radio Group. I note that we are instructed to alter within a specified time certain of our

foreign arrangements. I do not concern myself here with the Traffic Agreements which we have. I assume those will be handled by the Communication companies.

As I see it, there are four agreements which we have with foreign companies, which the Government might criticise, viz: Philips, Marconi, Telefunken and S. E. M. The policy for the first has been carefully worked out and I am waiting for confirmation of this policy on the part of G. E. and Westinghouse, before getting too deeply involved.

Marconi Agreement.

P D 6027.

The Radio Corporation granted exclusive rights in the field of "original radio purposes" to the Marconi Company in the Agreement of November 21st, 1919 and as amended February 10th and October ....th, 1921. The General Electric Company had previously given, according to Section 3 of the Recitals of said Agreement, all its radio rights to B. T. H., and B. T. H., with certain reservations as set forth in sub-divsion B of Article Three of said Agreement, assented to the granting of the exclusive license under G. E. patents to the Marconi Company. These G. E. rights presumably passed to the B. T. H. Company under the contract between G. E. and B. T. H., dated May 26th, 1905.

It may be of incidental interest to note here that when the new Agreement of April 1st, 1919 (which replaces the 1905 Agreement) between I. G. E. and B. T. H. was entered into, "radio purposes" was excluded from such Agreement and it was not until November 16th, 19.... that a new contract between I. G. E. and B. T. H. was signed which included "radio purposes" retroactively to the beginning of the April 1st, 191[illegible] Agreement.

In view of these circumstances I therefore bring up the question as to whether or not, since exclusive licenses were entered into separately, first by G. E. and B. T. H., and

secondly by R. C. A. and Marconi—in which latter Agreement for the purpose of convenience the B. T. H. Company assented to the passing of the G. E. rights to Marconi,—the Government may not object to the present Agreement.

P D 6028.

In view of this, and I bring it to your attention for the purpose of discussion with your Counsel, the Marconi Agreement might be considered as two separate grants of exclusive licenses, the second of which, by virtue of the action of a company outside the jurisdiction of the U. S. Government, vested exclusively in one foreign party the rights of two domestic concerns. Accordingly, the Government might feel that there is no necessity for changing the Marconi contract. It should also be noted that the exclusive distributorship to the Marconi Company was granted only on the part of the Radio Corporation.

If, on the other hand, this view is not concurred in by those who will decide this question, we have a rather difficult problem before us.

The simplest and most direct procedure would probably be to attempt to apply the Neave formula to the Marconi Agreement and ask Marconi and E. M. I.—the latter really being the largest beneficiary under the Agreement—to accept an alteration of the license from R. C. A., so that R. C. A. might grant non-exclusive licenses to American manufacturers to import into the British Isles goods manufactured in the U. S. This immediately, however, brings up several problems.

P D 6029.

We might be able to agree, as we have planned to do in the other Agreement, to pay over to Marconi or E. M. I. in toto any license fees collected from such American manufacturers for the right to import such goods. However, this might be very detrimental to the British Patent Pool

which, as you know, is composed of Standard, Marconi, and E. M. I., which has a present policy of not licensing for importation and which, in addition, would not want the Radio Corporation licensing American manufacturers, under its patents at appreciably lower rates than those charged by the Pool. I think we would, therefore, have to agree in altering these licenses, either that the rate of royalties for RCA patents should be set by Marconi's or, if it is possible to obtain it, by mutual agreement between Marconi and R. C. A., and in default of agreement, by arbitration. It must be kept in mind at all timees that any change in the Marconi contract affects not only the Marconi Company but inasmuch as it is the foundation for several other agreements,—E. M. I., Standard, and others.

E. M. I. has not been so vitally concerned about the proposed provision for granting licenses to American manufacturers to import, because according to the Marconi Agreement we would not have been in the position to do so until 1945, but if we now ask Marconi to alter the Agreement so that we can do this immediately, then E. M. I.'s position as regards the proposed new agreement for England may undergo some alterrations. They might, for instance, inasmuch as we have already set the price of 1% with the privilege of granting licenses to American manufacturers after 1945, with certain penalties upon us, ask

P D 6030.

(1) that the royalty rate be lowered,

or

(2) that the penalties upon us for granting licenses to American manufacturers be more severe.

I have naturally not discussed this point with them, but as soon as they learned of the new arrangements in the States and read the newspaper reports of the Consent

Decree, they asked whether or not we intended to request an alteration in the Marconi Agreement. In view of this I do not think we can consumate the English Agreement until we do decide whether or not the Marconi Agreement must be altered, and if it must be altered, it also appears to me that either the alteration must come before the new English Agreement, or at least the principles of such alteration must be well understood.

I realize that this complicates our English situation considerably, but inasmuch as all the parties over here know that we may have to change the Marconi Agreement, I believe we should attack the problem at the earliest possible date and I hope that you will be able to advise me shortly as to whether alterations will be necessary, and if so, whether the above brief outline in any way meets your views.

Telefunken Agreement.

In the Telefunken Agreement, Radio Corporation

P D 6031

grants exclusive licenses to Telefunken for Germany in the old "radio field", and certain non-exclusive licenses for other territories, which I believe need not concern us here. There is, I believe, in our files and in the files of the G. E. Company, documentary evidence to prove that our grants to the Telefunken Company comprise also the G. E. patents, inasmuch as these for the strictly "original purpose" radio field had not previously been granted by G. E. to A. E. G. As to whether or not Westinghouse gave us their rights for the purpose of passing them on to Telefunken I have not been able to determine. Neither Mr. MacConnach's files nor the files of the Westinghouse Company disclose any documentary evidence to this effect, although certain memo-

randa written in 1921 indicate that this was the intent of the parties at the time. In addition, in this Agreement, R. C. A. appoints Telefunken its exclusive agent for Germany, and furthermore, there is a letter dated October 22nd, 1921, with which you are doubtless familiar, and which I believe may be embarrassing to us.

If the Government desires us to alter this Agreement the problem is not so complex as in the English situation, but the temper and character of the parties involved may render it equally difficult. We can again apply the Neave formula as regards our reserving rights to license American manufacturers to import, but again we are faced with the present policy of Telefunken and the Funkverband not to license American manufacturers to import, and I doubt very much if the promise of paying over royalties collected from such American manufacturers for importing rights would satisfy the Germans. Furthermore, the Germans pay us no service charge or royalty and we therefore have no basis to work from on the question of a penalty for granting such licenses.

P D 6032.

We may therefore have to consider a more complicated way of getting around this question, the first of which coming to my mind is that the present Agreement be cancelled and in its stead the three members of the Radio Group negotiate and execute separately exclusive license agreements for the old radio field, between R. C. A. and Telefunken, G. E. and A. E. G., Westinghouse and Siemens Halske. As you know, Siemens Halske and A. E. G. own Telefunken 50/50 and I think the Germans could re-arrange the rights within Germany outside our control, to suit themselves. It might be even simpler if such licenses took the form of an actual sale of patents, present and future, rather than the form of exclusive licenses, although I do not know whether or not this makes any difference.

We can then, as a separate issue, trade as planned, our manufacturing information in all fields with Telefunken, and perhaps exchange non-exclusive licenses, reserving to ourselves the right to grant licenses to American manufacturers to import in the "extended purpose" field. It does not appear to be necessary at this time that G. E. and Westinghouse should be parties to such Agreement, and it would certainly simplify the matter if they did not care to be.

There may be other ways of solving this problem, and I expect to meet Mr. Minor during the coming week and will explore their possibilities with him.

P D 6033.

I realize that there is no extreme hurry about the Telefunken situation, as there may be in the English question, because no other agreements are contingent upon the alteration of the Telefunken Agreement. However, if the agreement must be changed and if you want me to do it, I do not believe that a discussion of the question is out of place at this time.

Belgian Agreement.

The Belgian Agreement was entered into on May 15th, 1926. In this Agreement the G. E., dealing with its own rights, rights of Radio Corporation and Westinghouse, granted under such rights exclusive licenses to S. E. M. S. E. M. in turn later granted, we understand exclusively, the radio set rights to S. B. R., and the valve rights to M. B. L. E. The Agreement has in general been unsatisfactory, and we have received very little income out of it. It runs until Januaery 1st, 1945.

The I. G. E. last Spring told me that it had some ideas for the alteration of the S. E. M. contract and that S. E. M. itself in their opinion might be receptive to certain alterations. Therefore, rather than propose any definite solution

at this time for the S. E. M. Agreement, in the event that the problem of alteration schould arise I will first discuss the matter with the I. G. E. people in Paris and then transmit my views to you later.

With kind regards,

P D 6304.

Faithfully yours,

J. G. Mackenty.

JGM/.

DEFENDANT'S EXHIBIT NO. 73.

(Written in margin.) See also Aga 1951 Routine file for corres, re Aga's filing in this count.

June 11, 1951.

Original,
Via Air Mail.

Mr. A. F. Cornock,
Patent Department,
The General Electric Co. Ltd.,
Wembly, England.

Re: Hazeltine Patents in Eire.

Dear Mr. Cornock:

Under the terms of the Agreements between our companies identified as (a) and (b), your company is given the exclusive license under the Hazeltine patents in the specified field for the territory of "Great Britain, Northern Ireland, and Erie", together with the right to include such patents in the British Pool. Subsequently, as you know, we granted somewhat similar rights to Svenska Aktiebolaget Gasaccumulator with respect to Continental Europe.

Unfortunately, due to an ambiguity in our Agreement with Svenska Aktiebolaget Gasaccumulator, for which I accept complete responsibility, they interpreted our Agreement to give them rights with respect to Eire and in fact have filed several applications there on our behalf. These applications were handled in ordinary routine and did not come to my personal attention until just now.

As you know, we have the responsibility under our Agreements for filing and prosecuting the Hazeltine patents in Great Britain and also, I suppose, with respect to Eire. However, up to the present time we ourselces have not filed any applications in Eire as we did not suppose that the market for radio and television apparatus there justified it. We are wondering whether or not you have taken any steps to exploit the Hazeltine rights in Eire. It is my impression that the A-6 Pool and the licenses thereunder do not extend to Eire.

In view of the foregoing conflict, which we very much regret, we would like to inquire what your reaction would be to deleting Eire from the territory of our Agreement. If it is a matter of no considerable consequence to your company, such an amendment of our Agreements would resolve our embarrassment. On the other hand, if you do attach any importance to the exploitation of the Hazeltine inventions in Eire, I am sure we would have no great difficulty amending our Agreement with Svenska Aktiebolaget Gasaccumulator to clear up this confusion.

We would appreciate your conclusion on this matter at your early convenience.

Sincerely yours,

_____

Vice President.

LBD:rbj

DEFENDANT'S EXHIBIT NO. 74.

(Letterhead of G. E. C. Patent Dpartment, Research Laboratories of the General Electric Company, Ltd., Wembley.)

28th June 1951.

Air Mail

L. B. Dodds, Esq.,
Hazeltine Corporation,
58-25, Little Neck Parkway,
Little Neck, N. Y.,
U. S. A.

Hazeltine Patents in Eire.

Dear Mr. Dodds:

As promised in my letter of June 15th, I have had a word with Mr. Macqueen about the difficulties you have run into in Eire, and have re-read our Agreement with the Members of the A.6 Pool, and the A.6 Licence, to see exactly what our commitments are.

Under our main Agreement with the Pool, which is dated the 31st August 1948 and of which I sent you a copy recently, we make the following representations and give the following undertakings:

(a) Recital (9) states that we have the right to grant or procure the grant of licences from the 1st April 1948 to the 31st December 1952 under all present and future patents of the British Isles originating with the Hazeltine Corporation or our own Company;

(b) Recital (10) states that no licences have been granted (within the Pool scope) under such patents during the relevant period (except for extensions of the A.5 Licence);

(c) Clause 1 defines the "British Isles" to include Eire;

(d) Clause 18 provides that no licences shall, during the period of the Agreement, be granted by any Party except in accordance with the decisions of the Management Committee of the Pool.

Under the A.6 Licence, the Grantors grant to each Licensee a licence which covers any patents in respect of which they may have rights in Eire—this being the effect of the latter half of Clause 2(a)—which licence includes manufacture, use and sale of licensed apparatus.

You will see from this that we are very heavily committed as regards Eire, and that the licences already granted by the A.6 Pool do extend to that country—even though I cannot off-hand recollect the grant of a licence to any actual Eireann manufacturer (if any such exists). Moreover, we haveing initially assured the other Pool Members that we had the rights, as set out above, you will appreciate how difficult it would be to go back to them at this late stage and say that we had not got them.

You say at the end of your letter that you think you would have no great difficulty in amending your Agreement with Aktiebolaget Gasaccumulator to clear up the conflict, and in the circumstances we should be most grateful if you would do so. I am extremely sorry to have to ask you to deal with the matter in this way, because the last thing we should want to do, would be to fail to help on any point where it was possible for us to be helpful; but I feel we are so heavily committed in this particular matter that there is no other solution.

Yours sincerely,

A. F. Cornock.

DEFENDANT'S EXHIBIT NO. 75.

November 9, 1949

Outline—A-6 License (British Pool).

Grantors—BTH, EMI, GEC, Marconi, Philips, Standard Telephones.

1. Definitions
   (a) Broadcast receivers
   (b) Radiogramophone
   (c) Set of component parts
   (d) Selling or sold
2. (a) Grantors grant to Licensee non-assignable non-exclusive licenses to use the inventions;
      (i) Patents set out in Schedule
      (ii) All other patents under which Grantors have the power to grant licenses
   (b) No license re tubes or components
3. Licensee undertakes that its subsidiary companies will be bound by the Agreement
4. Licensee agrees:
   (a) Not to sell imported receivers
   (b) To apply serially-numbered license plates
   (c) To pay royalty of 1½% of net sales of licensed apparatus whether or not it uses any licensed patents; provided
      (i) Royalty payable on apparatus unsold at termination
      (ii) If licensee sells to a controlled company, royalties on purchasers net selling price
      (iii) If licensee sells to a controlled company which performs additional work, royalties on final net selling price

(iv) If licensee sells unler trademark of another party (other than a controlled company) royalties thereon to be reported and paid separately.

(v) Licenses under patents involving an obligation of the Grantors to pay royalties.

(d) To keep records and make reports and payments.

(e) To pay interest at 4% on delinquent royalties

(f) To permit Grantors' auditors to inspect its books

(g) Not to attack directly or indirectly the validity of the licensed patents

(h) Not to assign or divide the license without consent.

5. All apparatus sold by controlled companies of Licensee deemed to be sold by Licensee who is obligated for royalties

6. Grantors hold Licensee harmless from patent infringement claims.

7. Licensee agrees to grant non-exclusive licenses under its patents to Grantors, upon request, upon reasonable terms.

8. Grantors may terminate the license by notice:

(a) Royalties delinquent for 30 days.

(b) Royalties of controlled companies not paid.

(c) Breach of other conditions by Licensee

(d) Bankruptcy of Licensee

(e) Any company which controls Licensee or is under same control as Licensee and refuses to operate under license

Any termination without prejudice to Grantors' claims against Licensee

9. Address for notices and remittances.

(Schedule of Licensed Patents.)

LBD:meb

DEFENDANT'S EXHIBIT NO. 76.

(Letterhead of Hazeltine Corporation, Washington 4, D. C.)
Via Air Mail

October 30, 1952

Mr. Thomas W. Heather, Director
General Electric Co. Ltd.
Magnet House, Kingsway
London, W. C. 2, England

Re: Hazeltine—GEC Agreements

Dear Mr. Heather:

This will acknowledge with thanks your letter of October 24, 1952, containing a very complete report of operations under the A-5 and A-6 Pools and negotiations toward the formation of what, I would suppose, would be the new A-7 Pool.

At the outset, I should like to express our sincere appreciation of your very able management of this joint venture. We are most gratified at the results of the Pool operations to date.

Answering your specific inquiries, we would appreciate it if you would transmit directly to us the check covering our portion of the Pool income for the period ending December 31, 1949, when you have received the necessary permission. We very much appreciate your offer to prepare the tax refund claim forms for this same period as you did for the earlier period and we would also like to have you file the claim on our behalf, as you suggest.

Coming now to the negotiations toward the formation of the new Pool and your suggestion that there should be a modification of the agreement between our companies with respect to te division of Pool income, we consider these

matters of very considerable importance and of such a character that they are difficult to resolve by correspondence. It is our suggestion that Mr. Dodds, who is fully acquainted with our relationships with your company and, through you, with the Pools, go to London to discuss the matter directly with you or whatever representative of your company will participate in the negotiations with the Pool. We should also like you to consider the question as to whether it would be helpful for Mr. Dodds to join with your representative in such Pool discussions.

Unless you have some definite objection to the foregoing proposal, would you kindly cable the period which you think would be most appropriate for Mr. Dodds' trip. As I believe you know, Mr. Knox McIlwain, our Chief Consulting Engineer, expects to be in London during the period November 5 to November 20, with the possible exception of a few days in Stockholm and Paris. If it would be at all convenient, it might be of assistance if Mr. McIlwain were available during Mr. Dodds' stay in London. If necessary, Mr. McIlwain's visit there might be extended for a reasonable period. We would also appreciate knowing who in your company is conducting the negotiations with the Pool.

With kind regards.

Sincerely,

President

WAM:Def

DEFENDANT'S EXHIBIT NO. 76A.

Mount Royal Hotel
Marble Arch
London, W. 1
Telegrams: Mounroy, Wesdo, London.
Telephone: Mayfair 8040

Friday, November 14.

Dear Jack and Mack:

Please accept this joint report as actually I have been under some pressure since arrival. The trip over was pleasant and uneventful after they finally decided what they wanted to do. We were already to land at Shannon—having filled out numerous forms including one that we weren't carrying any hoof & mouth disease in our hip pockets—when the Captain announced a change of plans—we were proceeding direct to London which we promptly did. We made the flight non-stop in 12 hours 15 min.

Cornock, Chapple and Heather's assistant, a Mr. Bome, met us at the airport and took us to the hotel to get settled. In the afternoon they returned with copies of the TV and sound receiver diagrams they had examined. We had a general discussion of the pool situation and then Chapple took us to an ancient Inn in Southwalk for dinner and then drove us on a quick tour o the principal points of interest to help us get oriented.

The next day (Wednesday) I spent analysing the receiver diagrams against our patents. It was quite a job as their circuits are quite different from ours in nearly all stages, so I had to study them quite carefully. However, I was forced to agree with their finding that we had no patents covering their current TV or sound sets with the possible exception of the Wheeler hexode patent which

has expired but as to which an application for prolongation on account of war loss is pending. Of 19 TV sets examined, 3 definitely use it and 12 possibly use it in a pentode mixer which is quite different from anything I have seen. I spent some time with Knox on Wednesday afternoon studying it but we concluded that a definite answer could only be given by some measurements. (Incidentally Knox was very optimistic over the prospective results of the I. A. T. S. Conference—but probably has reported directly.)

Thursday morning I met early with Cornock to discuss some of my findings and get answers to some of my questions and then we went to a meeting at 10:30 in Heather's office attended also by Mr. Nadler, their general counsel. Heather outlined the Pool discussions to date. The proposal is to include the same members except B. T. H., which is being dropped. E. M. I. Philips and Marconi have already made a three-party Agreement complete except for the allocation of percentages. I was given a copy confidentially. It follows rather closely the A-6 Pool and is for five years. It provides for the addition of other "joining parties." One point of difference is that the £15,000 royalty ceiling for members has been removed. A few of the larger companies exceeded this figure during the A-6 pool but not very much.

Heather said that the British industry favored a single pool license and that the members also did, so it was only a question of terms. There appear to be no significant patents in force on sound receivers and the proposal is to license them at a nominal royalty or at a small lump sum of £500/yr. It is expected that royalties on TV will be the same or possibly increased. E. M. I. apparently has about 12 patents of some importance in TV receivers (including RCA and Telefunken). Marconi (including English Electric) are believed to have no patents of value and Philips' patents are believed to be of only marginal value.

The system of point appraisal described by Heather has been changed to a scale of 100 instead of 5, the value for each patent corresponding roughly to the % of TV sets in which it is used, with a minimum of 1 pt. Sound pats are given ¼ the value of TV patents. On this basis, the allocation of points proposed by EMI was:

EMI-1796
Marconi-?
Philips-?
G. E. C.-180
Hazeltine-35

On this basis about 10% of the pool would go to G. E. C. Hazeltine vs. 16% in the last pool.

On the basis of these facts, it was obviously extremely important to establish use of the hexode patents in TV sets which might add nearly 100 pts to our share. This involved two factors (1) getting an extension, which had seemed to have become same point % that we had in the last Pool but agreed that we might have to recede slightly as the situation appears much more unfavorable than I anticipated. However, we will not recede unless it firmly appears that no deal can otherwise be made.

To proceed on the two factors above, we arranged a meeting that afternoon with Lowry (Owen has not been in the office since last spring) in which Chapple joined. It appeared that our application wasn't getting anywhere so we decided to consider all possible moves, even though frivolous, in an attempt to revive it. Two suggestions came out of it that seemed promising (1) Join G. E. C. as a party on the ground that we are really engaged in a joint venture. This would eliminate the troublesome point that Haz. received payments from G. E. C. during the War period. (2) Amend the application to show that the loss in TV was even greater than in sound. That is a

long story which I'll defer for an oral report. This discussion lasted until late afternoon and during the time we made an appointment for today with James Mould, Q. C., who has been in direct charge of the prolongation proceedings. Cornock says he has had more experience in such proceedings thn anyone else in London. We met with him today and he was most receptive to both proposals. Cornock is to gather the necessary evidence.

On the question of the pentode mixer being covered by the hexode patent, Cornock said he would request his technical people to make the necessary tests, I am going out to the Laboratories in Wembly Monday to review this phase and tie up some other loose ends preparatory to our conference on Tuesday morning. We are also meeting again with Heather early Tuesday morning for a last review before our session with E. M. I. The G. E. C. people have certainly been 100% cooperative and have dropped almost everything else for the duration of my stay in order to accomplish as much as possible.

Incidentally, Cornock said that they had independently evaluated their own patents and reached an answer within a few points of that by E. M. I. They are now checking the evaluation of the E. M. I. patents.

Please excuse this long wheeze which I jotted down principally as a record to date which is much more complete than I can dictate on my return.

Heather has applied for approval of our extension agreement but agreed to defer remitting further funds until 1953.

The weatherman, with his usual perversity, has scorned all predictions—it has been cool, sunny & pleasant since our arrival.

Best regards to all.

Larry

DEFENDANT'S EXHIBIT NO. 76-B.

7A10/8/8 7A10/8(f)

Strictly Confidential

Broadcast Licensing and Hazeltine Arrangements: November, 1952.

Notes of Discussions with Hazeltine Corporation (Mr. L. B. Dodds) and E. M. I.

I. General Discussion on Co-operation and Pooling.
Magnet House: 13th November, 1952.

Present: Mr. T. W. Heather
Mr. L. B. Dodds
Mr. K. H. Nalder
Mr. A. F. Cornock

A. Mr. Heather having welcomed Mr. Dodds, the draft Continuation Agreement (continuing all existing Hazeltine/G. E. C. Agreements to the 31st December, 1952—with certtain adjustments) was referred to. Mr. Dodds said that he agreed the draft and the contents of our letter of the 7th November, 1952: he would drite and confirm this. Mr. Nalder said that Treasury consent to the new draft had been applied for.

B. Mr. Heather then outlined the state of negotiations in Great Britain for the formation of an "A.7" Broadcast Licensing Pool to succeed the existing A.6 Pool on the 1st January, 1953: he said that E. M. I., Marconi and Philips had completed an agreement to collaborate in licensing from the 1st January 1953 to the 31st December 1957, and he believed the Trade would wish to have li-

censing arrangements in being. A copy of the E. M. I./M. W. T./Philips Pooling Agreement (omitting Point allocations) was handed to Mr. Dodds with a copy of a Note on the variations from the A.6 Pooling Agreement. Mr. Heather said that, in principle, the G. E. C. wished to be licensor members of the Pool and would like to know if Hazeltine also wished to join it, either alone or (as the G. E. C. would hope) jointly with the G. E. C. Mr. Dodds replied that Hazeltine would like, in principle, to row in with the G. E. C.

It was noted that under the Points evaluation system adopted in the E. M. I./M. W. T./Philips Agreement, T/V patents used "universally" by manufacturers (other than the patentee) were awarded 100 points and patents used by a lesser number of manufacturers were awarded fewer points pro rata, while unused patents were awarded 1 point: sound patents were awarded 25 points if used universally and fewer points pro rata if less used, unused patents being awarded ¼ point. On this system, E. M. I./M. W. T./Philips had agreed E. M. I.'s points at 1796 (the points of the others being unknown), while G. E. C. points would be approximately 180 and Hazeltine's approximately 35. It was guessed that the total number of points for all likely licensor members would probably be 2400/2500. The fairness of the pointing system was discussed—the following main points being made.

E. M. I. had been allotted a large number of points on patents (already granted war loss extensions) due to expire in about 2-years' time. Mr. Dodds said that Colour T/V was expected in the U. S. A. in the reasonably near future, Hazeltine's patent position being very important (the U. S. "rule of thumb" estimate of relative contributions to Colour being:

R. C. A. : Hazeltine : Others :: 50 : 40 : 10), and he therefore would not like to accept so low a Hazeltine share

as 35 points if Color was likely in Great Britain in the reasonably near future. It was estimated in the U. S. A. that a Color receiver would cost not more than [30% written in] more than a black-and-white, and that probably 80% of receivers would accept colour (compatible system)—though not 80% of transmissions would be in colour. Capital expenditure to convert transmitter to Colour was not great, the main expenditure being on studios for Colour. In reply to Mr. Heather, he said that conversion units for back-and-white receivers (to give colour reproduction) were not ["attractive" written in]. Mr. Heather said he thought that the adoption of Colour in Great Britain would take more than 3-years, but the method of evaluating pointing to allow for potentialities needed consideration by Hazeltine-G. E. C.: apart from this, the G. E. C.'s first impression was that the proposed pointing system was not unreasonable or unfair (from the G. E. C.'s position as manufacturers) when viewed broadly. It was agreed that, for tability, the 5-year duration proposed for the new Pool was about right; and Mr. Nalder pointed out that, this being so, Colour would not be introduced much before the end of the Pool, but that the present pointing system should put Hazeltine in a favourable position in the next Pool if the pointing scheme were not then altered: should one, therefore, ask for an undertaking that the same system would be adopted in the next Pool, or should one try to make an ad hoc deal with E. M. I.?

Mr. Heather then said that a stage had been reached at which direct discussion by Hazeltine-G. E. C. (as partners) with the other present Parties was needed. It was arranged by telephone to have a discussion with Mr. Preston and Mr. Dale-Harris of E. M. I. at Magnet House on November 18th. It was agreed that grounds for asking for a higher pointing were:

(a) Colour potentialities,

(b) Possible extension of Hazeltine Patent No. 436940 (Mixers) and potential use in T/V,

(c) Recognition of need for stability of income for a research organization such as Hazeltine.

It was agreed to see Solicitors and Counsel as early as possible regarding extension of the Mixer patent.

C. As between Hazeltine and the G. E. C., it was agreed that they wished to act in concert in licensing, discussion of division of income to be deferred. The G. E. C. would like the Service Agreement to continue at £1,000 p.a.: this also was agreed.

As regards the former licence from Hazeltine covering manufacture by the G. E. C. under Hazeltine patents, Mr. Cornock asked whether it was really equitable, now that the G. E. C. paid substantial royalties to the Pool in which Hazeltine participated in drawing its share of Pool income, that the G. E. C. should also continue to pay royalties direct to Hazeltine in addition. On this, Mr. Heather asked whether Hazeltine had obtained much benefit from its rights in G. E. C. patents in the U. S. A. Mr. Dodds replied that the position there was rather the reverse of the position in Great Britain—namely, that whilst Hazeltine patents were not much used in Great Britain, not much use was made of the G. E. C.'s inventions in the U. S. A. He added that Hazeltine did not license tube or component manufacturers in the U. S. A. (as to do so might create difficulties about implied licences under their circuit patents), and Hazeltine might therefore not be obtaining as much benefit from G. E. C. patents as might otherwise have been possible. The general sense of the discussion was that the G. E. C. would not continue to pay Hazeltine a direct royalty for the use of Hazeltine patents in Great Britain, apart from Hazeltine's share of Pool income.

D. Mr. Heather then asked whether there would be any benefit from making the field of the arrangements wider.

Mr, Dodds said that Hazeltine had had a fairly substantial revenue from commercial radio in the U. S. A. and had wondered whether revenue in that field could be obtained from Great Britain and whether they should join with the G. E. C. or with some other Company in Great Britain in regard to the commercial field.

Mr. Cornock reminded the meeting of the position regarding the Radio Navigation Aids Pool, where the G. E. C. had previously advised Hazeltine that it did not seem that they would benefit from putting their patents in the hands of the G. E. C. for pooling, and added that while there had been past discussions about the formation of a similar Pool covering Aircraft Radio those discussions appeared to have come to a standstill.

II. Extension of Patent No. 436940.

a) Discussion with Messrs. Faithfull Owen & Fraser Jamaica Building: 13th November, 1952.

Present: Mr. M. Lowry
Mr. L. B. Dodds
Mr. W. J. C. Chapple
Mr. A. F. Cornock.

Mr. Lowry said that the patent expired in 1949 and that one main difficulty in getting a useful period of extension was that the Patent Office contended that the lump sum paid (in instalments) by the G. E. C. for Hazeltine rights should be treated as income distributed over the war years, thus reducing the apparent loss to Hazeltine attributable to the War. Mr. Dodds raised the question whether the application could be put on the basis that the entry into the Pool was a joint venture by Hazeltine and the G. E. C. in which the G. E. C. had an undivided half-share in the equitable rights in the patent, payments between the parties then being a mere transfer of money from one pocket

to another and not affecting the loss suffered by the parties jointly. This led to a discussion whether the G. E. C. could now claim consideration as exclusive licensees (under Section 25 of the Patents Act, 1949), about which there were felt to be serious technical difficulties, and in discussion on the point that the war had delayed the building of additional television stations, that only when there was more than one station was the mixer patent needed in T/V sets, and that the effect of the war had therefore been completely to do away with the potential use of the patent for T/V.

It was arranged that these points should be put to Mr. James Mould Q. C. in conference on the following day.

(b) Consultation with Mr. James Mould Q. C.

Mr. R. G. Lloyd.

New Court, Temple: 14th November, 1952.

Present: Mr. James Mould Q. C.
Mr. R. G. Lloyd
Mr. L. B. Dodds
Mr. M. H. Lowry
Mr. A. F. Cornock

Mr. Lowry and Mr. Dodds outlined the suggestions made on the previous day:

(1) Co-ownership of equitable interest in Patent No. 436940;
(2) Loss of G. E. C. as Licensees:
(3) Frustration of T/V use by deferment of building of extra stations owing to war.

In the course of the discussion Mr. Lloyd asked whether an extension in respect of T/V only (with possible free licence to Sound users, as in Smith, Garnett and Ran-

dall's Patent, 67 R. P. C. 170) would be acceptable. Mr. Dodds and Mr. Cornock said that such an outcome would be fully satisfactory.

Mr. Mould pointed out that a complete change of the basis of the application (e. g. from loss by Hazeltine as patentees to loss by G. E. C. as licensees) would probably be impermissible: the question of argument about G. E. C. loss should, however, be further considered. A draft of evidence regarding the T/V loss should be prepared in a form suited to support (a) an extension of T/V rights only, in respect of which there was a total loss, (b) a "lumped" extension covering both T/V and Sound aspects. The effect of some form of joinder of G. E. C. upon both footing (a) and footing (b) above should then be considered.

Mr. Lowry pointed out that the provision of a London-Birmingham television channel (believed to be co-axial cable) was under discussion before the outbreak of war. Mr. Cornock said he would arrange for the provision of evidence to be looked into.

III. Discussions on "A.7" Pool.

Magnet House: 17th November, 1952

Present: Mr. T. W. Heather
Mr. L. B. Dodds
Mr. A. F. Cornock

Mr. Dodds outlined the position regarding extension of the Mixer patent in the light of recent advice—viz. (a) an extension of more than 3½-years now seemed not unlikely, at least in respect of T/V, (b) the extent of present use was debatable and would be investigated.

Mr. Heather, in the light of this, suggested that one should not, in the forthcoming discussions with E. M. I. attack the general nature of the Pooling arrangement, but

should argue about the method of evaluating patents. Mr. Dodds said he was generally of the same view, but felt that Pool voting by a majority of points holding was objectionable and might also be criticised. Mr. Heather said the point had been noted, but one was conscious that this method had not in the past led to difficulties in practhis method had not in the past led to diculties in practice; and Mr. Cornock reassured them that the majority vote applied only to a limited number of matters and could not compel the bringing of infringement actions by a patentee or be used to alter the participations of Pool Parties.

Mr. Heather then asked whether, in discussion, one should: (i) attack the method of pointing; or (ii) the detailed evaluations on the present method of pointing. Mr. Cornock said that while details of E. M. I's own evaluation could be criticised to some extent, he felt that an attack on (i) would be necessary to produce any effect—though he doubted whether Mr. Preston and Mr. Dale-Harris would consider themselves free to discuss this, as Mr. Shoenberg objected to discussing arrangements with two parties jointly, though prepared to discuss with each separately. Possible modes of attack would be (a) to criticise the "gamma" of the points scale (as having produced a result obviously not representative of the disadvantage the Pool would suffer if G. E. C. and Hazeltine were not included), and (b) also to argue the potentialities (put forward at the previous meeting) of Colour and F. M.

Mr. Dodds said that Hazeltine might take the attitude that if the result was to be that given by the present gamma, they might prefer to stay out of the Pool till Colour came into use.

After further discussion, in the course of which it was felt that the securing of a change of gamma might have

undesirable future repercussions, and that an argument for revaluation if Colour or F. M. were adopted was less desirable than the adoption of the attitude that the present pointing did not do justice to Hazeltine/G. E. C., Mr. Heather summed up the proposed opening for the discussion with E. M. I. as follows:—

(1) Hazeltine and the G. E. C. intended to operate together:

(2) Mr. Dodds had visited England to take part in joint discussions as the matter was of great importance to Hazeltine:

(3) The Parties wished to co-oprate—but on an equitable basis.

E. M. I. would then be asked to justify their scheme by stating its merits and how it was expected to work out, and it would be pointed out to them that it did not do jusice to Hazeltine's potentialities or the value of acquiring rights in their inventions as an insurance policy.

Mr. Dodds then asked whethr the G. E. C. would be interested in rights in Hazeltine patents for commercial purposes. Mr. Heather said it was not at present very clear whether the G. E. C. would be interested or not, since the G. E. C. did not concern itself with radio navigation. Its commercial interests were V. H. F. and U. H. F. for point-to-point communication, and there was also work in the Post Office field. Other Government work was subject to quite separate considerations.

Mr. Dodds then asked if there was any possibility of the Pool's setting up an engineering service. Mr. Heather said that he thought there was no real chance, because of:—(a) the difference of industrial outlook as compared with the U. S. A., (b) probable opposition from E. M. I., and (c) staffing difficulties.

IV. Discussions with E. M. I.

A. 1st Meeting.

Magnet House: 18th November, 1952.

Present: Mr. T. W. Heather
Mr. L. B. Dodds
Mr. K. H. Nalder
Mr. A. F. Cornock
Mr. E. P. Dale-Harris
Mr. S. J. Preston.

Mr. Heather opened the discussion by saying that Hazeltine an dthe G. E. C. wished to act together and approached the question of co-operation with E. M. I. in the most friendly spirit. They understood that the proposed scheme for the next Pool was on the same general lines as for the past Pool and the main point for consideration was, therefore, what was a fair basis for the assessment of holdings. They would therefore like to know the basis for E. M. I.'s proposed method of scaling holdings. Mr. Preston said that T/V design was now stabilised, and as it had in the past been necessary to bring Actions against obdurate infringers, patents in force and available for action against infringers had been weighted heavily.

Mr. Heather then asked why the particular scaling now proposed had been adopted. It weighed very heavily against potentially useful patents not actually in use at the moment, and he would like to know whether other probable members of the new Pool had accepted it. Mr. Dale-Harris said that he thought it irrelevant whether others had accepted the scale. Mr. Preston said that the scale was somewhat on a "cut-and-try" basis, adopted after considering the results of a range of possible scales. Mr. Heather repeated that it put a very high weight on patents actually in use; the G. E. C. and Hazeltine had been

concerned by the facts that, (a) patents expire, (b) new ideas become important, and (c) licencees take a licence partly as an insurance policy. It was not lear that the scale took care of thes factors properly.

Mr. Dodds said that, in the U. S. A., a factor which markedly influenced licensees was not so much the existing patents as the potentialities of the licensor. He referred to Colour T/V, saying that it would only be a question of time before it came in, and it was expected in about 2-years in the U. S. A. Hazeltine had worked out the compatible system, and believed they would have a dominant position when Colour was adopted. A possible way of dealing with this, would be to re-value holdings when Coluor was adopted, but but he was not really in favour of revaluation during the currency of a Pool. Mr. Preston said that he agreed with the two last comments, and added that, if revaluation were carried out, it would have to affect all licensors and E. M. I. themselves considered they would still have a strong position—to which Mr. Heather replied that E. M. I. had made a change of scale now and might propose a further change of scale when Colour came in! Mr. Dodds further pointed out that an adjustment would not affect all parties equally, because not all had had a long-term research programme on Colour as Hazeltine had had. Evaluation at 1 point per patent not in use did not do justice to the future importance of Colour, and Hazeltine's evaluation would increase more heavily than that of R. C. A. as Colour developed.

Mr. Dale-Harris said that E. M. I. would prefer to discuss matters of this kind with companies individually and not to try to discuss them with two parties simultaneously. To this Mr. Heather replied that Hazeltine and the G. E. C. were partners in the negotiations.

Mr. Preston said that he thought Colour was unlikely during the "A.7" Pool. He also pointed out that E. M. I.

had had to give an undertaking to the B. B. C. that their patents would be available to manufacturers, and he thought that others in a dominant position would probably have to do the same.

Mr. Heather said that the G. E. C. had had a certain participation in the past, and a reduction of participation in the next Pool needed to be justified. Moreover, suppose the Mixer patent were extended for 5-years, shortly after the formation of the Pool, what adjustment would the formula have provided for this important patent which would then be in existence at the date of issue of new Pool licences? This led to further discussion about the evolution of formulae for Pool pointing, in the course of which Mr. Dodds said that the formula could only be a first approximation and would need adjustment to take care of potentialities and "intangibles". Mr. Preston suggested that, if practicable, a revaluation might be made if Colour was adopted, while Mr. Dodds suggested that it would be better to try to make an allowance for potentialties at the present time—Mr. Cornock pointing out that some subjective judgments were inevitably incorporated tacitly into any fromula which was not impossibly complicated, so that there was no logical inconsistency in making an allowance for Hazeltine's potentialities.

Mr. Preston then said that it appeared that the approximate evaluation so far made was unsatisfactory to Hazeltine and the G. E. C., and the matter reduced itself to the question whether the latter wanted to suggest some other figure. Mr. Heather thereupon asked how many points E. M. I. expected members other than they would hold in the Pool, and on being told that it was expected that the non-E. M. I. points would approximately equal the E. M. I. points (so that the G. E. C.-Hazeltine holding would probably be about 6% of the Pool, on the existing evaluation) Mr. Heather said that so low a holding would

call for very serious consideration. Mr. Dodds said he was doubtful whether Hazeltine could consider that so small a holding was worth bothering about; as a newcomer to these Pool negotiations, he felt that the secrecy of the negotiations made co-operation difficult, though he realised the difficulty of having a discussion with 15 parties round a table simultaneously. Mr. Dale-Harris said that experience had shown that round-table discussions with many parties were impracticable—instancing the experience of the Marine Radar Pool. He could not give names of the other parties as not all had yet signed.

Mr. Heather asked whether the arrangements were rigid or whether there was room for negotiation, to which Mr. Preston replied that there was not much room for elasticity because of their commitments to other parties, and (on Mr. Heather's saying that the present proposal looked completely unattractive on the face of it) Mr. Dale-Harris asked what share Hazeltine/G. E. C. would want. Mr. Heather said they had not yet formulated a figure, as they had preferred to have a talk with E. M. I. first. In reply to Mr. Cornock, Mr. Dale-Harris said that the expected number of licensors was 7 or 8.

Mr. Dodds said that G. E. C./Hazeltine had jointly had abut 16% of the previous Pool, and if Colour came in, the Hazeltine pointing should be very much greater; but violent fluctuations of participations were unsatisfactory to Hazeltine, since they depended on research and licensing and must be able to plan ahead. A licensor-group should therefore take a longer view: Hazeltine demands in Great Britain had always been very modest, whereas they had about 30% in the U. S. A.

Mr. Heather and Mr. Dodds then said that they would like to join in pooling but they doubted whether the present picture was sufficiently attractive and therefore asked whether some form of accommodation could be found. Rec-

ognising the difficulty of modifying the formula, Mr. Heather asked whether there was any possibility of a deal between Hazeltine/G. E. C. and E. M. I. Mr. Dale-Harris said this would have to be referred to Mr. Shoenberg.

After a short discussion of the likelihood or otherwise of the introduction of Colour in Great Britain—in the course of which Mr. Preston said that he believed that only Hazeltine and the R. C. A. had done any real work on Colour—Mr. Dale-Harris and Mr. Peterson left the meeting.

There was then a discussion of the form of counter-proposal that might be made to E. M. I. Finally, Mr. Heather rang up Mr. Preston saying that the present proposals appeared inequitable and unattractive and that a share of about 11% appeardę to be the least which would be attractive. It was arranged that there should be a further talk with E. M. I. on November 20th.

Turning to the question of G. E. C.-Hazeltine arrangements in the light of the morning's discussion, it was agreed that the G. E. C. wished to continue the Service Agreement, and that the G. E. C.'s royalty payments to the Pool would provide an equitable return (assuming Hazeltine/G. E. C. were accorded terms which justified Hazeltine's patents being placed in the Pool) for the G. E. C.'s own use of Hazeltine patents. The patent Agreement (Agreement (d)) would also be continued if both G. E. C. and Hazeltine became members of the Pool. It was further felt that if the point participation were about 10% of the Pool, a 60:40 division of income between G. E. C. and Hazeltine would be about fair. Mr. Dodds said that if Hazeltine's share were less than 4%, and Colour television came in, they would want to review the position.

In the alternative, if Hazeltine and G. E. C. were not both in the Pool, the G. E. C. would like to continue the Service Agreement at £1,000 p.a. and would like the

right to use Hazeltine patents, and would be prepared to continue Patent Agreement (d). Mr. Dodds said that if this state of affairs arose, Hazeltine would probably not want to grant G. E. C. a formal manufacturing licence but would then undertake not to sue the G. E. C. for infringement.

There was also discussion of an arrangement by which if Hazeltine received £5,000 on account of Pool income (including refunds of British Income Tax, if any) further payments should be suspended until Hazeltine "income" reached £6,000 from the Pool—to allow the G. E. C. to recoup the £1,000 p.a. paid under the Service Agreement.

B. 2nd Meeting.

Magnet House: 20th November, 1952.

Present: Mr. T. W. Heather
Mr. L. B. Dodds
Mr. K. H. Nalder
Mr. A. F. Cornock
Mr. E. P. Dale-Harris
Mr. S. J. Preston

Mr. Heather said that Mr. Dodds would be returning to America very soon, and the situation, as it appeared initially, did not seem satisfactory. He had no special comments of a general nature to make on the G. E. C.'s position, but he felt that Hazetine's position, as non-manufacturers, was special. He was surprised at the large number of points likely to accure to members other than E. M. I. Hazeltine and the G. E. C. Two suggestions had occurred to him, (i) the allocation of a reasonable number of points to Hazeltine in view of their circumstances, or (ii) a pecial arrangement outside the formal points evaluation to meet the Hazeltine position. E. M. I. then stated that M. W. T., Philips, Cinetel and Murphy had agreed to join them: they had not yet settled with S. T. C.—nor with

Pye, but Pye had played only a subsidiary part in the previous Pool and were only expected to do the same in the new Pool. Similarly, not much was expected from Ekco or Cossor.

Mr. Heather said that he did not feel it was necessary to argue specially about the relative positions of the G.E.C. and E. M. I.; but if it was desired that Hazeltine should be members, he felt it was necessary to come to meet them.

Mr. Dale-Harris then said that he had heard from Mr. Shoenberg that, if the offer could be accepted at once, E. M. I. would offer Hazeltine/G. E. C. a holding in the ratio.

E. M. I. : Hazeltine/G. E. C. :: 100:17

instead of the 100:12 approximately computed previously —it being expected that the total Pool parties' points would be about 200.

After a short withdrawal for consideration, Mr. Heather and Mr. Dodds told E. M. I. that each would recommend his Company to accept this proposal.

Mr. Dale-Harris then said that it was hoped that the income of the Pool would be of the same order as for the A.6 Pool, though the basis for computing royalty would probably be different. He hoped, therefore, that a Committee Meeting of licensor members would meet very soon to discuss proposals for new licensing terms. He thought that other potential licensors were thinking of a royalty of the order of 3%, though he hoped that an even higher figure might be possible. He promised to send Mr. Nalder a draft Agreement covering membership of the Pool, on the same lines as the Agreement with Cinetel.

The Pool points mentioned during the conversation were as follows:—

E. M. I.	100
M. W.T.	13½
Philips	25
Hazeltine/G. E. C	17
	155½

V. Hazeltine-G. E. C. Arrangements.

Magnet House, 20th November, 1952.

Present: Mr. T. W. Heather
Mr. L. B. Dodds
Mr. K. H. Nalder
Mr. A. F. Cornock.

The remaining details of the Hazeltine-G. E. C. arrangements were discussed.

Mr. Heather then said that the G. E. C.'s broad consideration was that if the G. E. C.'s percentage participation in the Pool was equal to their percentage of the market, they had the equivalent of a free licence, and they did not want to fall below this. Mr. Modds said that, on the figure so far given, it would appear that G. E. C./Hazeltine would have 8½% of the Pool, and if this income were divided 60:40, this would give Hazeltine about 3½% of the Pool: he would have liked 4%, but he felt that 3½% was near enough, and he agreed that the G. E. C. should recoup its royalty payments.

It was finally agreed that the division should be:

Hazeltine: G. E. C. : 40:60

—subject to final confirmation by the Management of the respective companies. A letter authorising the G. E. C. to put Hazeltine patents into the Pool was drafted, and subsequently signed on behalf of the Parties after confirmation of acceptance by the Companies.

DEFENDANT'S EXHIBIT NO. 77.

Air Mail.

February 8, 1954.

Mr. M. M. Macqueen,
The General Electric Co. Ltd.,
Magnet House,
Kingsway, London, W. C. 2,
England.

Dear Mr. Macqueen:

It was with considerable pleasure that I learned that you and some of your associates would be coming over next month and that I would have an opportunity of meeting you personally. This rather sparked me into writing and thanking you for the material with respect to the A-7 Pool which you kindly gave Mr. Loughren when he was over there last Fall.

The pressure of some rather urgent litigation at that time prevented me from reviewing these new Pool documents, but both Mr. Binns and I have now had an opportunity to do so and, as might be expected, a few questions have arisen.

It occurred to us that perhaps it would be simpler for you to answer our questions when you are here next month than to take the trouble to write an extended letter.

The following are some of the points which we would like to discuss with you:

1. The number of points allotted to B. T. H., Cinema Television, Murphy, Pye, and S. T. C.
2. The total number of points now allocated to all members of the Pool,
3. Whether or not the Committee has taken any action under paragraph 11(n) of the basic Pool Agreement to reduce the royalties of the Pool members.

4. Are there any arrangements between the Pool members, or between any Pool member and an outsider, other than those spelled out in the Pool Agreements.
5. Is there any practical significance to the Committee from the standpoint of the Pool members, since it appears that E. M. I. permanently enjoys a majority of the votes on the Committee.
6. Could you give any estimate of the number of Licensees having business volumes which will reach the £25,000 royalty ceiling in the Television License Agreement. Also, do you have any estimate of what the net Pool income may be for the year 1953.

It may be also that other background information or details on the operation of the Pool will occur to you which may be of interest to us and which we can discuss during your visit.

I know that Mr. Binns has been in touch with Mr. Heather and Mr. Marriott. I am not certain whether you will be arriving or leaving at the same time, but if there is anything at all that we can do in the way of arrangements here, I hope that you will call on us.

With kind regards,

Sincerely,

.....

Vice President.

LED:Z

cc: Mr. J. Binns

DEFENDANT'S EXHIBIT 78-A.

(Letterhead of The General Electric Co. Ltd., Magnet House, Kingsway, London, W.C. 2.)

12th February, 1954.

L. B. Dodds, Esq.
Hazeltine Corporation,
58-25 Little Neck Parkway,
Little Neck, L. I.,
New York.

Dear Mr. Dodds,

Thank you very much for your letter of the 8th February. I look forward to discussions with you on the Pool policy, both in long and short term. I will also arm myself as best I can with the specific points mentioned in your letter.

With some of my colleagues, I am sailing on the Queen Elizabeth, leaving on the 13th March. I have a good deal in common with Mr. Marriott and the others in the matters in which they will be interested, and to that extent I will work in with any arrangements which Mr. Marriott may make.

I look forward to our meeting.

Kind regards,

Yours truly,

(Illegible)